COMPANY REGISTRATION NUMBER 04317046

KELF

FINANCIAL STATEMENTS

2 January 2016

STRATEGIC REPORT

YEAR ENDED 2 January 2016

The Directors present their strategic report of the Company for the year from 4 January 2015 to 2 January 2016 (the "year ended 2 January 2016").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company.

The statement of income and retained earnings for the year ended 2 January 2016 is set out on page 7.

The Company continues to hold its investment in Kellogg Talbot, LLC. At the year end the Company had net assets of £41,581,000 (2014: £41,595,000).

Principal risks and uncertainties
The Company is largely dependent on fellow group undertakings for its business. A significant change in the business of its subsidiary, Kellogg Talbot, LLC would impact the carrying value of the investment in the Company's balance sheet. The Directors monitor the performance and financial position of the subsidiary to ensure that the carrying value of the investment on the Company's balance sheet is supported.

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 Directors

P Knowles
Director

Approved by the Directors on 26 September 2016

Registered office:
The Kellogg Building
Talbot Road
Manchester
M16 0PU

The Directors present their report and the audited financial statements of the Company for the year from 4 January 2015 to 2 January 2016 (the "year ended 2 January 2016").

RESULTS AND DIVIDENDS

This is the first year that the company has presented its results under Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102"). As a result of these changes, there is no difference between loss for the year ended 3 January 2015 and the total equity as at 29 December 2013 and 3 January 2015 between UK GAAP as previously reported and FRS 102.

The Company made a loss for the financial year of £14,000 (2014: loss of £13,000).

The Directors do not recommend the payment of a dividend (2014: £nil).

FUTURE OUTLOOK

The Directors expect the current level of business to be sustainable for the foreseeable future.

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, 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 should circumstances warrant it.

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

Liquidity risk
The Company maintains a suitable mix of debt finance that is designed to ensure the Company always has sufficient available liquid funds for its operations.

DIRECTORS

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

P Knowles
J Ayres-Smith (resigned as a Director on 11 March 2015)
K Meehan (resigned as a Director on 22 September 2015)
B Goodman (appointed as a Director on 22 September 2015)
S Canning (appointed as a Director on 22 September 2015)

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS102")) 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 including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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 purpose of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

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

Signed on behalf of the Directors

P Knowles
Director

Approved by the Directors on 26 September 2016

Report on the financial statements

Our opinion

In our opinion, Kelf's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 2 January 2016 and of its loss for the 12 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 2 January 2016;
- the statement of income and retained earnings for the period then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

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

Edward Moss

Edward Moss (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
26 September 2016

KELF

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED 2 January 2016

	Note	Year ended 2 January 2016 £000	Year ended 3 January 2015 £000
Administrative expenses		**(14)**	(13)
OPERATING LOSS		**(14)**	(13)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	**(14)**	(13)
Tax on loss on ordinary activities	3	-	-
LOSS FOR THE FINANCIAL YEAR	10	**(14)**	(13)
RETAINED EARNINGS AT START OF YEAR		**(30,025)**	(30,012)
RETAINED EARNINGS AT END OF YEAR		**(30,039)**	(30,025)

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

The Company has no other comprehensive income other than the losses for the years as set out above.

The statement of accounting policies and notes on pages 9 to 15 form part of these financial statements.

KELF

BALANCE SHEET

AS AT 2 January 2016

	Note	2 January 2016 £000	3 January 2015 £000
FIXED ASSETS			
Investments	4	**40,993**	40,993
CURRENT ASSETS			
Debtors	5	**589**	603
		589	603
CREDITORS: Amounts falling due within one year	6	**(1)**	(1)
NET CURRENT ASSETS		**588**	602
TOTAL ASSETS LESS CURRENT LIABILITIES		**41,581**	41,595
CAPITAL AND RESERVES			
Called up share capital	7	**317**	317
Share premium account	10	**71,303**	71,303
Profit and loss account	10	**(30,039)**	(30,025)
TOTAL EQUITY	11	**41,581**	41,595

These financial statements on pages 7 to 15 were approved by the Directors and authorised for issue on 26 September 2016 and are signed on their behalf by:

P Knowles
Director

Company Registration Number: 04317046

The statement of accounting policies and notes on pages 9 to 15 form part of these financial statements.

General Information

Kelf is a company incorporated and domiciled in England and Wales, with the registration number 04317046.

The registered office is: The Kellogg Building, Talbot Road, Manchester, M16 0PU.

Period of account

The financial statements are prepared for the year from 4 January 2015 to 2 January 2016 (the "year ended 2 January 2016") (financial year ended 3 January 2015: from 29 December 2013 to 3 January 2015).

Statements of compliance

The individual financial statements of Kelf 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 the going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 required the use of certain critical accounting estimates. It also required management to exercise its judgement in the process of applying the company’s accounting policies.

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 years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 9.

Going concern

After reviewing the Company’s forecasts and projections, 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.

Exemptions for qualifying entities under FRS 102

FRS 102 allows Kelf 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 8. As a result the Company has taken advantage of the following exemptions:

- Certain disclosures surrounding financial instruments;
- The requirement to prepare a statement of cash flows; and
- Disclosure of key management personnel compensation in total.

Cash flow statement

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

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 8). The Company was not involved in any other related party transactions during the financial year

Foreign currencies

The functional and presentational currency is the pound sterling.

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate.

Non-monetary assets expressed in foreign currencies are translated into sterling at the historic rate of exchange ruling at the date of the original transaction. They are not retranslated at the balance sheet date. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Dividends

Dividends payable are recognised in the accounting period in which they are paid or approved. Dividend income is recognised in the accounting period in which the right to receive payment is established.

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.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior year. 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.

Fixed asset investments

Investments in shares in group undertakings are stated at cost; provision is made for any subsequent permanent diminution in value, by reference to the higher of net realisable value and value in use. Any impairment is written off in the year it arises.

Consolidated financial statements

The Company is a wholly-owned subsidiary of Kellogg Manchester 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 (note 8). 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.

Critical estimations and accounting judgements

The Directors believe that no critical estimations are accounting judgements have been used in the preparation of these financial statements.

1. FINANCIAL YEAR

The financial statements are prepared for the year from 4 January 2015 to 2 January 2016 (the "year ended 2 January 2016") (financial year ended 3 January 2015: from 29 December 2013 to 3 January 2015).

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The Company has no employees (2014: none) and relies on affiliated companies to provide administrative support. The emoluments of two Directors (2014: one) are paid by fellow subsidiary undertakings that make no recharge to the Company. They are a Director of a number of fellow subsidiary undertakings and it is not possible to make an apportionment of their emoluments in respect of this Company. Three Directors (2014: two) received no emoluments in respect of their services to the company. The audit fees for the year amount to £5,000 (2014: £4,000) and are borne by fellow group subsidiaries.

3. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Tax expense included in profit and loss

	Year ended 2 January 2016 £000	Year ended 3 January 2015 £000
Current tax:		
UK Corporation tax based on the results for the year at 20.25% (2014: 21.49%)	-	-
Total current tax and total tax (note 3(b))	-	-

(b) Reconciliation of tax charge

The tax assessed on the loss on ordinary activities for the year is higher than (2014: higher than) the standard effective rate of corporation tax in the UK of 20.25% (2014: 21.49%) for the following reasons:

	Year ended 2 January 2016 £000	Year ended 3 January 2015 £000
Loss on ordinary activities before taxation	**(14)**	(13)
Loss on ordinary activities multiplied by the standard rate of tax	**(3)**	(3)
Group relief surrendered	**3**	3
Total tax for the year (note 3(a))	-	-

3. TAX ON LOSS ON ORDINARY ACTIVITIES *(continued)*

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

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. As the change to 17% had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

4. INVESTMENTS

	£000
COST AND NET BOOK VALUE	
At 2 January 2016 and 3 January 2015	**40,993**

As at 4 January 2015 and 2 January 2016, the Company directly holds 100% of Kellogg Talbot, LLC's ordinary share capital of 4,373 shares, amounting to £40,993,000. The aggregate capital and reserves of Kellogg Talbot, LLC are £95,041,000 (2014: £94,689,000); and the profit for the year is £432,000 (2014: £666,000). The principal activity of Kellogg Talbot, LLC, which is incorporated under the laws of the state of Delaware, is the provision of administration and related services to the European operating units of its ultimate parent undertaking, Kellogg Company.

5. DEBTORS

	2 January 2016 £000	3 January 2015 £000
Amounts owed by group undertakings	**589**	603

All debtors are unsecured, interest free and repayable within one year of the balance sheet date.

6. CREDITORS: amounts falling due within one year

	2 January 2016 £000	3 January 2015 £000
Bank loans and overdrafts	**1**	1

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 (note 8).

7. CALLED UP SHARE CAPITAL

Allotted and fully paid:

	2 January 2016		3 January 2015	
	Number	**$**	Number	$
Ordinary shares of $10 each	**65,500**	**655,000**	65,500	655,000

The share capital has been translated at a rate of 2.065 $ / £.
There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

8. ULTIMATE PARENT COMPANY

The Company's immediate parent undertaking is Kellogg Manchester, which is itself a subsidiary of Kellogg U.K. Holding Company Limited, both of which are 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, P.O. Box 3599, Battle Creek, Michigan, USA.

9. TRANSITION TO FRS 102

This is this first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 3 January 2015. The date of transition to FRS 102 was 29 December 2013.

As a result of these changes, there is no difference between loss for the year ended 3 January 2015 and the total equity as at 29 December 2013 and 3 January 2015 between UK GAAP as previously reported and FRS 102.

10. RESERVES

	Share premium account	Profit and loss account £000
At 4 January 2015 under UK GAAP as previously reported and under FRS 102	**71,303**	**(30,025)**
Loss for the financial year	**-**	**(14)**
At 2 January 2016	**71,303**	**(30,039)**

11. RECONCILIATION OF MOVEMENTS IN EQUITY

	2 January 2016 £000	3 January 2015 £000
Loss for the financial year under UK GAAP as previously reported and under FRS 102	**(14)**	(13)
Opening equity	**41,595**	41,608
Closing equity	**41,581**	41,595