

COMPANY REGISTRATION NUMBER 04317046

KELF
FINANCIAL STATEMENTS
3 January 2015

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KELF
STRATEGIC REPORT
YEAR ENDED 3 January 2015

The Directors present their strategic report of the Company for the year from 29 December 2013 to 3 January 2015 (the "year ended 3 January 2015").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company.

The profit and loss account for the year ended 3 January 2015 is set out on page 6. The Company continues to hold its investment in Kellogg Talbot, LLC.

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.

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 24 September 2015

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

KELF
THE DIRECTORS' REPORT
YEAR ENDED 3 January 2015

The Directors present their report and the audited financial statements of the Company for the year from 29 December 2013 to 3 January 2015 (the "year ended 3 January 2015").

RESULTS AND DIVIDENDS

The Company made a loss for the financial year of £13,000 (2013: loss of £8,000).

The Directors do not recommend the payment of a dividend (2013: £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

K Meehan (resigned as a Director on 22 September 2015)

J Ayres-Smith (appointed as a Director on 16 September 2014, resigned as a Director on 11 March 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 and applicable law).

KELF

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 3 January 2015

DIRECTORS' RESPONSIBILITIES STATEMENT *(continued)*

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;
- 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(2) of the Companies Act 2006.

Signed on behalf of the Directors



P Knowles
Director

Approved by the Directors on 24 September 2015

KELF

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELF

YEAR ENDED 3 January 2015

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 3 January 2015 and of its loss for 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 comprise:

- the Balance Sheet as at 3 January 2015;
- the Profit and Loss Account for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (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 year 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.

KELF

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELF *(continued)*

YEAR ENDED 3 January 2015

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 and 3, 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

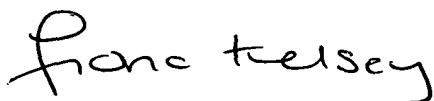
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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 Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Fiona Kelsey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
24 September 2015

KELF
PROFIT AND LOSS ACCOUNT
YEAR ENDED 3 January 2015

		Year ended 3 January 2015 £000	Year ended 28 December 2013 £000
	Note		
Administrative expenses		(13)	(10)
OPERATING LOSS		(13)	(10)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(13)	(10)
Tax on loss on ordinary activities	4	-	2
LOSS FOR THE FINANCIAL YEAR	9	(13)	(8)

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

The Company has no recognised gains or losses other than the losses for the years as set out above.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalent.

The notes on pages 8 to 12 form part of these financial statements.

KELF
BALANCE SHEET
AS AT 3 January 2015

		3 January 2015 £000	28 December 2013 £000
	Note		
FIXED ASSETS			
Investments	5	<u>40,993</u>	<u>40,993</u>
CURRENT ASSETS			
Debtors	6	<u>603</u>	<u>619</u>
		<u>603</u>	<u>619</u>
CREDITORS: Amounts falling due within one year	7	<u>(1)</u>	<u>(4)</u>
NET CURRENT ASSETS		<u>602</u>	<u>615</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>41,595</u>	<u>41,608</u>
CAPITAL AND RESERVES			
Called up share capital	8	317	317
Share premium account	9	71,303	71,303
Profit and loss account	9	<u>(30,025)</u>	<u>(30,012)</u>
TOTAL SHAREHOLDERS' FUNDS	10	<u>41,595</u>	<u>41,608</u>

These financial statements on pages 6 to 12 were approved by the Directors and authorised for issue on 24 September 2015 and are signed on their behalf by:



P Knowles
Director

Company Registration Number: 04317046

The notes on pages 8 to 12 form part of these financial statements.

KELF

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 3 January 2015

1. ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash flow statements' (as revised 1996) on the grounds that a group cash flow statement is included in the consolidated financial statements of the ultimate parent undertaking, Kellogg Company, whose financial statements are publicly available and include the results of the Company (note 11).

Related party transactions

As a 100% owned subsidiary, the Company is exempt under FRS 8 'Related party transactions' from disclosing separately transactions with other entities in the Group. Consolidated financial statements of Kellogg Company, which incorporate the financial statements of the Company, are publicly available (note 11). The Company was not involved in any other related party transactions during the financial year.

Foreign currencies

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.

KELF
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 3 January 2015

1. ACCOUNTING POLICIES *(continued)*

Taxation

Current tax

Corporation tax is provided on the assessable profits of the Company at the rate of tax prevailing during the financial period.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

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 11). 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.

2. PERIOD COVERED

The financial statements are prepared for the year from 29 December 2013 to 3 January 2015 (the "year ended 3 January 2015") (financial year ended 28 December 2013: from 30 December 2012 to 28 December 2013).

KELF

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 3 January 2015

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The Company has no employees (2013: none) and relies on affiliated companies to provide administrative support. The emoluments of one Director 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. Two Directors received no emoluments in respect of their services to the company. The audit fees for the year amount to £4,000 (2013: £4,000) and are borne by fellow group subsidiaries.

4. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax credit in the year

	Year ended 3 January 2015 £000	Year ended 28 December 2013 £000
Current tax:		
UK Corporation tax based on the results for the year at 21.49% (2013: 23.25%)	-	(2)
Total current tax credit(note 4(b))	-	(2)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than as (2013: the same as) the standard effective rate of corporation tax in the UK of 21.49% (2013: 23.25%) for the following reasons:

	Year ended 3 January 2015 £000	Year ended 28 December 2013 £000
Loss on ordinary activities before taxation	(13)	(10)
Loss on ordinary activities multiplied by the standard rate of tax	(3)	(2)
Group relief surrendered	3	-
Total current tax credit (note 4(a))	-	(2)

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

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

KELF
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 3 January 2015

5. FIXED ASSET INVESTMENTS

	£000
COST AND NET BOOK VALUE	
At 3 January 2015 and 28 December 2013	<u>40,993</u>

As at 29 December 2013 and 3 January 2015, 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 £94,580,000 (2013: £94,006,000); and the profit for the year is £674,000 (2013: £564,000). 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.

Under the provision of section 401 of the Companies Act 2006 the Company is exempt from preparing consolidated financial statements and has not done so, therefore the financial statements show information about the company as an individual entity. The Directors believe that the carrying value of the investment is supported by its underlying net assets.

6. DEBTORS

	3 January 2015	28 December 2013
	£000	£000
Amounts owed by group undertakings-fellow subsidiaries	<u>603</u>	<u>619</u>

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

7. CREDITORS: amounts falling due within one year

	3 January 2015	28 December 2013
	£000	£000
Bank loans and overdrafts	<u>1</u>	<u>4</u>

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 11).

KELF

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 3 January 2015

8. CALLED UP SHARE CAPITAL

Called up authorised share capital:

	3 January 2015	28 December 2013
	\$	\$
75,000 (2013: 75,000) Ordinary shares of \$10 each	<u>750,000</u>	<u>750,000</u>

Allotted and fully paid:

	3 January 2015		28 December 2013	
	Number	\$	Number	\$
Ordinary shares of \$10 each	<u>65,500</u>	<u>655,000</u>	<u>65,500</u>	<u>655,000</u>

The share capital has been translated at a rate of 2.065 \$ / £.

9. RESERVES

	Share premium account	Profit and loss account
	£000	£000
Balance brought forward	71,303	(30,012)
Loss for the financial year	-	(13)
Balance carried forward	<u>71,303</u>	<u>(30,025)</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	3 January 2015	28 December 2013
	£000	£000
Loss for the financial year	(13)	(8)
Opening shareholders' funds	<u>41,608</u>	<u>41,616</u>
Closing shareholders' funds	<u>41,595</u>	<u>41,608</u>

11. 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.