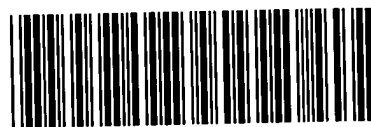


COMPANY REGISTRATION NUMBER 04317046

KELF
FINANCIAL STATEMENTS
30 DECEMBER 2017

MONDAY



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KELF
STRATEGIC REPORT
YEAR ENDED 30 DECEMBER 2017

The Directors present their strategic report of the Company for the year from 1 January 2017 to 30 December 2017 (the "year ended 30 December 2017").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company.

The statement of income and retained earnings for the year ended 30 December 2017 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 £41,553,000 (2016: £41,567,000).

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 board



P Knowles
Director

Approved by the Directors on 29 August 2018

Registered office:
Orange Tower
Media City UK
Salford
Greater Manchester
M50 2HF

KELF
THE DIRECTORS' REPORT
YEAR ENDED 30 DECEMBER 2017

The Directors present their report and the audited financial statements of the Company for the year from 1 January 2017 to 30 December 2017 (the "year ended 30 December 2017").

RESULTS AND DIVIDENDS

The Company made a loss for the financial year of £14,000 (2016: loss of £14,000).

The Directors do not recommend the payment of a dividend (2016: £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.

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

M Locke (resigned as a Director on 5 June 2017)

S Canning (resigned as a Director on 20 April 2017)

N Jaynes (appointed as a Director on 5 June 2017)

DIRECTORS' INDEMNITIES

The ultimate holding company maintains liability insurance for the Directors and officers of the group. This was in place during the year 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.

KELF

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 DECEMBER 2017

Statement of directors' responsibilities in respect of the financial statements

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.'

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

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

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.

Signed on behalf of the board



P Knowles

Director

Approved by the Directors on 29 August 2018

KELF

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELF YEAR ENDED 30 DECEMBER 2017

Report on the audit of the financial statements

Opinion

In our opinion, KELF's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2017 and of its loss 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 Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 December 2017; the Statement of Income and Retained Earnings for the year then ended; the Statement of Accounting Policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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.

KELF

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELF YEAR ENDED 30 DECEMBER 2017

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and The Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and The Directors' Report for the year ended 30 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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.

KELF

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELF

YEAR ENDED 30 DECEMBER 2017

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 received 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.



Edward Moss (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 August 2018

KELF

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED 30 DECEMBER 2017

| | | Year ended 30 December 2017 £000 | Year ended 31 December 2016 £000 |
|--|----------|---|---|
| | Note | | |
| Administrative expenses | | (14) | (14) |
| OPERATING LOSS | | (14) | (14) |
| LOSS BEFORE TAXATION | 2 | (14) | (14) |
| Tax on loss | 3 | - | - |
| LOSS FOR THE FINANCIAL YEAR | 9 | (14) | (14) |
| ACCUMULATED LOSSES AT START OF YEAR | | <u>(30,053)</u> | <u>(30,039)</u> |
| ACCUMULATED LOSSES AT END OF YEAR | | <u>(30,067)</u> | <u>(30,053)</u> |

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 30 DECEMBER 2017

| | | 30 December 2017 £000 | 31 December 2016 £000 |
|---|------|-----------------------------|-----------------------------|
| | Note | | |
| FIXED ASSETS | | | |
| Investments | 4 | <u>40,993</u> | <u>40,993</u> |
| CURRENT ASSETS | | | |
| Debtors | 5 | <u>615</u> | <u>619</u> |
| | | <u>615</u> | <u>619</u> |
| CREDITORS: Amounts falling due within one year | 6 | <u>(55)</u> | <u>(45)</u> |
| NET CURRENT ASSETS | | <u>560</u> | <u>574</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>41,553</u> | <u>41,567</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 7 | 317 | 317 |
| Share premium account | 9 | 71,303 | 71,303 |
| Accumulated losses | 9 | <u>(30,067)</u> | <u>(30,053)</u> |
| TOTAL EQUITY | 10 | <u>41,553</u> | <u>41,567</u> |

These financial statements on pages 7 to 15 were approved by the Directors and authorised for issue on 29 August 2018 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.

KELF
STATEMENT OF ACCOUNTING POLICIES
YEAR ENDED 30 DECEMBER 2017

General Information

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

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

Period of account

The financial statements are prepared for the year from 1 January 2017 to 30 December 2017 (the "year ended 30 December 2017") (financial year ended 31 December 2016: from 3 January 2016 to 31 December 2016).

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.

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.

KELF

STATEMENT OF ACCOUNTING POLICIES *(continued)*

YEAR ENDED 30 DECEMBER 2017

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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account within administrative expenses except when deferred in other comprehensive income as qualifying cash flow hedges.

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 statement of income and retained earnings, 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.

KELF

STATEMENT OF ACCOUNTING POLICIES *(continued)*

YEAR ENDED 30 DECEMBER 2017

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.

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at the market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Critical estimations and accounting judgements

Fixed asset investments

The Company considers whether fixed asset investments are impaired by reviewing objective evidence and data. Where an indication of impairment is identified it is necessary to use estimation techniques to determine the amount that the entity would receive for the asset if it were to be sold at the reporting date.

KELF

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 DECEMBER 2017

1. FINANCIAL YEAR

The financial statements are prepared for the year from 1 January 2017 to 30 December 2017 (the "year ended 30 December 2017") (financial year ended 31 December 2016: from 3 January 2016 to 31 December 2016).

2. LOSS BEFORE TAXATION

The Company has no employees (2016: none) and relies on affiliated companies to provide administrative support. The emoluments of two Directors (2016: one) are paid by fellow subsidiary undertakings that make no recharge to the Company. They are Directors of a number of fellow subsidiary undertakings and it is not possible to make an apportionment of their emoluments in respect of this Company. Two Directors (2016: three) received no emoluments in respect of their services to the company. The audit fees for the year amount to £3,000 (2016: £3,400) and are borne by fellow group subsidiaries.

3. TAX ON LOSS

(a) Tax expense included in statement of income and retained earnings

| | Year ended 30 December 2017 £000 | Year ended 31 December 2016 £000 |
|---|---|---|
| Current tax: | | |
| UK Corporation tax based on the results for the year at 19.25% (2016: 20.00%) | - | - |
| Total current tax and total tax (note 3(b)) | - | - |

(b) Reconciliation of tax charge

The tax assessed on the loss for the year is higher than (2016: higher than) the standard effective rate of corporation tax in the UK of 19.25% (2016: 20.00%) for the following reasons:

| | Year ended 30 December 2017 £000 | Year ended 31 December 2016 £000 |
|---|---|---|
| Loss before taxation | (14) | (14) |
| Loss before taxation multiplied by the standard rate of tax | (3) | (3) |
| Group relief surrendered | 3 | 3 |
| Total tax for the year (note 3(a)) | - | - |

KELF

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 DECEMBER 2017

3. TAX ON LOSS *(continued)*

(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 18% from 1 April 2020.

At Budget 2016, the government announced a further reduction to the Corporation Tax main rate for the year starting 1 April 2020, setting the rate at 17%. This change was substantively enacted on 6 September 2016.

Accordingly, the effect of this change was reflected in these financial statements.

4. INVESTMENTS

| | |
|---|----------------------|
| | £000 |
| COST AND NET BOOK VALUE | |
| At 1 January and as at 30 December 2017 | <u>40,993</u> |

As at 1 January 2017 and 30 December 2017, 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 £95,484,000 (2016: £95,103,000); and the profit for the year is £198,000 (2016: £338,000).

Kellogg Talbot, LLC, is incorporated under the laws of the state of Delaware, and its registered address is The Corporation Trust Centre, 1209 Orange Street, Wilmington New Castle County, Delaware, USA. The principle activity of Kellogg Talbot, LLC is the provision of administration and related services to the European operating units of its ultimate parent undertaking, Kellogg Company.

5. DEBTORS

| | 30 December | 31 December |
|------------------------------------|--------------------|-------------|
| | 2017 | 2016 |
| | £000 | £000 |
| Amounts owed by group undertakings | <u>615</u> | <u>619</u> |

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

KELF

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 DECEMBER 2017

6. CREDITORS: amounts falling due within one year

| | 30 December 2017 £000 | 31 December 2016 £000 |
|---------------------------|-----------------------------|-----------------------------|
| Bank loans and overdrafts | <u>55</u> | <u>45</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 8).

7. CALLED UP SHARE CAPITAL

Allotted and fully paid:

| | 30 December 2017 | | 31 December 2016 | |
|------------------------------|------------------|----------------|------------------|----------------|
| | 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 \$ / £ (2016: 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. RESERVES

| | Share premium account £000 | Accumulated losses £000 |
|-----------------------------|----------------------------------|-------------------------------|
| At 1 January 2017 | 71,303 | (30,053) |
| Loss for the financial year | - | (14) |
| At 30 December 2017 | <u>71,303</u> | <u>(30,067)</u> |

KELF

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 DECEMBER 2017

10. RECONCILIATION OF MOVEMENTS IN EQUITY

| | 30 December 2017 £000 | 31 December 2016 £000 |
|-----------------------------|-----------------------------|-----------------------------|
| Loss for the financial year | (14) | (14) |
| Opening equity | <u>41,567</u> | <u>41,581</u> |
| Closing equity | <u>41,553</u> | <u>41,567</u> |