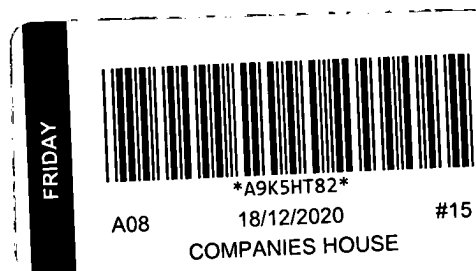


COMPANY REGISTRATION NUMBER 05239593

**KELLOGG GROUP LIMITED
FINANCIAL STATEMENTS
28 DECEMBER 2019**



KELLOGG GROUP LIMITED
STRATEGIC REPORT
YEAR ENDED 28 DECEMBER 2019

The Directors present their strategic report of the Company for the year from 30 December 2018 to 28 December 2019 (the "year ended 28 December 2019").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company during the year was that of an investment holding company. The Company holds 100% of the issued share capital of Gollek UK Limited and Pringles Manufacturing Company.

In 2019, the loss before taxation is \$161,882,000 (2018: profit before taxation \$2,189,000) the profit and loss account of the Company is set out on page 10. The Company impaired its investment in Gollek UK Limited by \$162,421,000 relating to Kellogg Canada based on a value in use calculation.

In 2019, the Company received dividend income of \$33,000,000 from Pringles Manufacturing Company and paid interest on its intercompany loans during the year.

During 2018, the Company received dividend income of \$36,092,000 from its subsidiary undertaking Gollek UK Limited.

At the year end the Company had net assets of \$3,200,529,000 (2018: \$3,362,411,000).

PRINCIPAL RISKS AND UNCERTAINTIES


The Company is largely dependent on fellow group undertakings for its business. A significant change in the business of its subsidiaries would impact the carrying value of the investment in the Company's balance sheet, and therefore the company regularly monitors the performance of its subsidiaries.

The Company is monitoring closely the risk posed by Coronavirus (COVID-19) and has implemented effective measures to safeguard operations. The Company continues to monitor closely the situation and has a response team actively and continually reviewing and implementing appropriate safeguards across its facilities to effectively address the risks posed if the virus were to cause disruption to its operations in the UK. There is no impact from COVID-19 on the financial statements of 2019. The severity, magnitude and duration of the COVID-19 pandemic is uncertain and rapidly changing, however, there is no impact expected on the going concern of the Company.

KEY PERFORMANCE INDICATORS

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

Signed on behalf of the board of Directors

DocuSigned by:

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P Knowles
Director

Approved by the Directors on 11 December 2020

Registered office:

Orange Tower, Media City UK, Salford, Greater Manchester, United Kingdom, M50 2HF

KELLOGG GROUP LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 28 DECEMBER 2019

The Directors present their report and the audited financial statements of the Company for the year ended 28 December 2019.

RESULTS AND DIVIDENDS

The profit and loss account for the financial year ended 28 December 2019 is set out on page 10.

The Directors do not recommend the payment of a dividend (2018: \$nil).

FUTURE DEVELOPMENTS

The principle activity of the Company is that of an investment holding company and is expecting to continue as such 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, foreign exchange risk, liquidity and interest rate risk. The Company has in place risk management programmes that seek to manage the financial exposures of the Company by monitoring levels of debt finance and the related finance costs.

Interest rate risk

In order to ensure the stability of cash outflows and hence manage interest rate risk, the Company keeps under constant review its levels of debt, the maturity and currency of the debt, and the interest expense being incurred, including the split between fixed and variable interest rates. 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. A cash pooling arrangement and overdraft facility is in place, detailed in note 10.

Credit risk

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

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

N Jaynes (resigned 12 December 2019)

J Vanderkooi

A Critchley (resigned 1 September 2019)

R Kollepara

C Jones (appointed 18 December 2019)

P Jones (appointed 10 December 2019)

B Lamont (appointed 10 December 2019)

KELLOGG GROUP LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 28 DECEMBER 2019

DIRECTORS' INDEMNITIES

The ultimate parent company maintains liability insurance for the Directors and Officers of the group. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

The indemnity was in force throughout the last financial year and is currently in force.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial 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.

DIRECTORS' CONFIRMATIONS

Each of the Directors, whose names and functions are listed in The Directors' Report confirm that, to the best of their knowledge:

- the company financial statements, which have been 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), give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

KELLOGG GROUP LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 28 DECEMBER 2019

DIRECTORS' CONFIRMATIONS *(continued)*

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

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

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.

INDEPENDENT AUDITORS

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

Signed on behalf of the board

DocuSigned by:

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P Knowles

Director

Approved by the Directors on 11 December 2020

KELLOGG GROUP LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KELLOGG GROUP LIMITED

YEAR ENDED 28 DECEMBER 2019

Report on the audit of the financial statements

Opinion

In our opinion, Kellogg Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 28 December 2019 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 28 December 2019; the profit and loss account and the statement of changes in equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

Basis for opinion

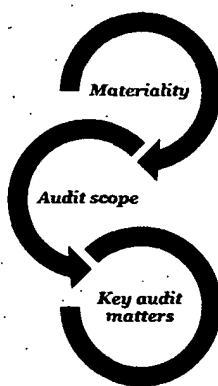
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit 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, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall materiality: \$42,000,000 (2018: \$42,000,000), based on 1% of total assets.
- We performed an audit of the complete financial information.
- The company is an investment holding company which mainly holds investments and intercompany loans which it pays interest on.
- Carrying value of investments.
- Going concern and the impact of COVID-19

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

KELLOGG GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLOGG GROUP LIMITED

YEAR ENDED 28 DECEMBER 2019

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Carrying value of investments</p> <p>See note 6 to the financial statements. The company holds a fixed asset investment cost of \$4.3 billion as at 28 December 2019, which is required to be tested for impairment where impairment indicators are noted. The directors determined impairment indicators did not exist and therefore there was no full impairment review performed.</p>	<p>To assess that there are no impairment indicators, as determined by the directors' we have performed the following:</p> <ul style="list-style-type: none">• We evaluated the carrying value of the investment to ensure there is sufficient headroom;• We have ensured the balances being used in this assessment are consistent with the financial statements of the investment;• We challenged management for the reasons behind increases in liabilities with one of the underlying investments to ensure there were no wider issues.• We ensured the assessment was mathematically accurate <p>The outcome of our assessment was that there are no indicators for a full impairment review to be performed.</p>
<p>Going concern and the impact of COVID-19</p> <p>Refer to the Strategic Report for further details.</p> <p>The ongoing and evolving COVID-19 pandemic, and the related government responses to the crisis, is having a significant impact on the economy in which the company operates. There is a high level of uncertainty as to the duration of the pandemic and what its lasting impact will be on the economy. The directors have considered the potential impact to the company of the ongoing COVID-19 pandemic in several areas, including the assessment of going concern, the carrying value of the company's assets and disclosures to be included in the financial statements.</p> <p>The company is an investment holding company, with cash inflows coming from group undertakings and cash outflows being intercompany interest payable. In relation to the company's going concern assessment, which is based on these cash flows, the directors have produced the cash flow forecasts for the period to the end of December 2021 to reflect the current funding plan for dividends being received and the interest accrued on intercompany loans. The direct and indirect consequences of COVID-19, are not predicted to have a</p>	<p>To conclude on the impacts of COVID-19 on going concern, we performed the following:</p> <ul style="list-style-type: none">• We checked the mathematical accuracy of management's forecasts for the period to the end of December 2021.• We obtained the intercompany loan agreements and verified the cash outflows are in line with these.• We challenged any unexpected changes in the cash flows to ensure they are complete and accurate• We challenged the company's ability to pay the intercompany loan if it was to be recalled.• We read management's disclosures in the financial statement and other information in relation to the impact of COVID-19 and are satisfied that they are consistent with the assessment performed. <p>The outcome of our assessment can be seen below in the section Conclusions relating to going concern.</p>

KELLOGG GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLOGG GROUP LIMITED

YEAR ENDED 28 DECEMBER 2019

significant impact on the company and the directors have obtained a letter of support from the ultimate parent company, Kellogg Company, who confirm that they will meet any support required for a period of at least the next 12 months from the signing date.

The directors have prepared the financial statements on a going concern basis given the provision of a letter of support from the ultimate parent company.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	\$42,000,000 (2018: \$42,000,000).
How we determined it	1% of total assets.
Rationale for benchmark applied	We believe that total assets is the most relevant benchmark as this is an investment holding company.

We agreed with the directors that we would report to them misstatements identified during our audit above \$2,100,000 (2018: \$2,100,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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 where:

- 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.

KELLOGG GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLOGG GROUP LIMITED

YEAR ENDED 28 DECEMBER 2019

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 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 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 28 December 2019 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 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.

KELLOGG GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLOGG GROUP LIMITED

YEAR ENDED 28 DECEMBER 2019

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
11 December 2020

KELLOGG GROUP LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 28 DECEMBER 2019

		Year ended 28 December 2019 \$000	Year ended 29 December 2018 \$000
	Note		
Administrative expenses		(5)	(6)
OPERATING LOSS BEFORE EXCEPTIONAL ITEMS		(5)	(6)
Exceptional items	2	(162,421)	-
OPERATING LOSS	3	(162,426)	(6)
Income from shares in group undertakings	4	33,000	36,092
Interest payable and similar expenses	5	(32,456)	(33,897)
(LOSS)/PROFIT BEFORE TAXATION		(161,882)	2,189
Tax on profit	6	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(161,882)	2,189

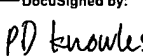
All of the activities of the Company are classed as continuing.

The statement of accounting policies and notes on pages 13 to 25 form part of these financial statements.

KELLOGG GROUP LIMITED**BALANCE SHEET****AS AT 28 DECEMBER 2019**

		28 December 2019 \$000	29 December 2018 \$000
	Note		
FIXED ASSETS			
Investments	7	4,027,909	4,190,330
CURRENT ASSETS			
Debtors	8	16,220	15,774
Cash at bank and in hand		93	-
		16,313	15,774
TOTAL ASSETS		4,044,222	4,206,105
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(405,112)	(1,892)
NET CURRENT (LIABILITIES)/ASSETS		(388,799)	13,882
TOTAL ASSETS LESS CURRENT LIABILITIES		3,639,110	4,204,212
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10	(438,581)	(841,801)
NET ASSETS		3,200,529	3,362,411
CAPITAL AND RESERVES			
Called up share capital	11	1,214,771	1,214,771
Share premium account		1,333,111	1,333,111
Retained earnings		652,647	814,529
TOTAL EQUITY		3,200,529	3,362,411

The financial statements on pages 10 to 25 were approved by the Directors and authorised for issue on 11 December 2020, and are signed on their behalf by:

DocuSigned by:

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P Knowles
Director

Company Registration Number: 05239593

The statement of accounting policies and notes on pages 13 to 25 form part of these financial statements.

KELLOGG GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 28 DECEMBER 2019

	Called up equity share capital \$000	Share premium account \$000	Retained earnings \$000	Total equity \$000
Balance at 31 December 2017	1,214,771	1,333,111	812,340	3,360,222
Profit and total comprehensive income for the financial year	-	-	2,189	2,189
Balance at 29 December 2018	1,214,771	1,333,111	814,529	3,362,411
Balance at 30 December 2018	1,214,771	1,333,111	814,529	3,362,411
Loss for the year 2019	-	-	(161,882)	(161,882)
Balance at 28 December 2019	1,214,771	1,333,111	652,647	3,200,529

The statement of accounting policies and notes on pages 13 to 253 form part of these financial statements.

KELLOGG GROUP LIMITED
STATEMENT OF ACCOUNTING POLICIES
YEAR ENDED 28 DECEMBER 2019

General Information

Kellogg Group Limited is a company incorporated in the United Kingdom and registered and domiciled in England and Wales, with the registration number 05239593.

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

Statements of compliance

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

Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

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

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The directors believe that it is appropriate for the financial statements to be 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 indicates that it will continue to provide sufficient funds to enable the Company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows Kellogg Group Limited certain disclosure exemptions as a wholly owned subsidiary undertaking of Kellogg Company which prepares consolidated financial statements that are publicly available and can be obtained from the address detailed in note 12. 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.

KELLOGG GROUP LIMITED**STATEMENT OF ACCOUNTING POLICIES *(continued)*****YEAR ENDED 28 DECEMBER 2019**

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 parties 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 12). The Company was not involved in any other related party transactions during the financial year.

Investments in subsidiary company

Investments in shares in group undertakings are stated at cost; provision is made for any subsequent diminution in value, by reference to the higher of net realisable value and value in use. Any impairment is recognised in the profit and loss account in the year it is identified.

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.

Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of timing differences.

KELLOGG GROUP LIMITED**STATEMENT OF ACCOUNTING POLICIES (continued)****YEAR ENDED 28 December 2019**

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.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares, 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.

Foreign currencies

The Company's functional and presentation currency is the US dollar.

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 statement of income and retained earnings 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.

Interest receivable and payable

Interest is recognised in the period to which it relates.

Consolidated financial statements

Consolidated financial statements have not been prepared as the Company is a wholly-owned subsidiary undertaking of Kellogg Company, (which is incorporated in the United States of America), and which itself prepares consolidated financial statements, that are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

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

Critical accounting judgements and estimation*Investments in subsidiary company*

The Company considers annually whether investments in subsidiary companies 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. This requires estimation of the future cash flows from the assets and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

KELLOGG GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 28 DECEMBER 2019****1. FINANCIAL YEAR**

The financial statements cover the 2019 financial year from 30 December 2018 to 28 December 2019 (2018 financial year: from 31 December 2017 to 29 December 2018).

2. EXCEPTIONAL ITEMS

	Year ended 28 December 2019 \$000	Year ended 29 December 2018 \$000
Impairment of investments in subsidiaries	(162,421)	-

In 2019, the Company impaired its investment in Gollek UK Limited by \$162,421,000 relating to Kellogg Canada based on a value in use calculation.

3. OPERATING PROFIT

The Company has no employees of its own (2018: none) and relies on fellow group undertakings to provide administrative support. The emoluments of three Directors (2018: two) and salaries of employees who provide administrative support, 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. Accordingly, these financial statements include no emoluments in respect of their services to the Company. Five Directors (2018: three) received no emoluments in respect of their services to the Company.

Audit fees for the year amount to \$24,000 (2018: \$24,000) and are borne by fellow group subsidiaries.

4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 28 December 2019 \$000	Year ended 29 December 2018 \$000
Dividends received	33,000	36,092

During 2019, the Company received dividend income from Pringles Manufacturing Company. In 2018, the Company received dividend income from Gollek UK Limited.

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 28 December 2019 \$000	Year ended 29 December 2018 \$000
Interest payable on loans from group undertakings	32,903	32,903
Foreign currency (gains)/ losses	(447)	993
Bank interest payable	-	1
	32,456	33,897

KELLOGG GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 28 DECEMBER 2019****6. TAX ON PROFIT****(a) Tax expense included in profit and loss**

	Year ended 28 December 2019 \$000	Year ended 29 December 2018 \$000
Current tax:		
Total current tax charge	-	-
Deferred tax:		
Total deferred tax charge	-	-
Tax charge on profit	-	-

(b) Reconciliation of tax charge

The tax assessed on the loss for the financial year is lower than (2018: higher than) the standard effective rate of corporation tax in the UK of 19.00% (2018: 19.00%) for the following reasons:

	Year ended 28 December 2019 \$000	Year ended 29 December 2018 \$000
(Loss)/ Profit before taxation	(161,882)	2,189
Profit before taxation multiplied by the standard rate of tax	(30,758)	416
Effects of:		
Income not taxable for tax purposes	(6,270)	(6,858)
Expenses not deductible for tax purposes	36,257	6,441
Transfer pricing adjustment	128	
Group relief surrendered	643	1
Total tax (note 5(a))	-	-

(c) Factors that may affect future tax charges

The standard rate of corporation tax in the UK has been 19% with effect from 1 April 2017. Accordingly, the company's results for this accounting period are taxed at 19%. A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced was to reduce the main rate to 17% from 1 April 2020 and this was substantively enacted in September 2016. As this change had been substantively enacted at the balance sheet date, its effect is included in these financial statements.

In the Chancellor's Budget on 11 March 2020 it was confirmed that the rate of corporation tax will remain at 19% from 1 April 2020. This measure (cancelling the enacted cut to 17%) will be made under a Budget resolution which has statutory effect under the provisions of the Provisional Collection of Taxes Act 1968. As such, it is substantively enacted on the passing of the resolution.

KELLOGG GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 28 DECEMBER 2019****6. TAX ON PROFIT (continued)**

The rate will also stay at 19% for the following year. As this change was not substantively enacted at the balance sheet date, its effect is not included in these financial statements. However, given the company has no recognised deferred tax assets/liabilities, there would be no impact had the change been included.

7. INVESTMENTS**COST**

	\$000
At 29 December 2018	4,290,142
At 28 December 2019	4,290,142

ACCUMULATED PROVISION FOR IMPAIRMENT

At 29 December 2018	(99,812)
Impairment 2019	(162,421)
At 28 December 2019	(262,333)

NET BOOK VALUE

At 28 December 2019	4,027,809
At 29 December 2018	4,190,330

All investments are in group undertakings involved in the food industry and are stated at cost less any provision for impairment. Cost represents the fair value of the shares acquired, with the excess of the fair value over and above the nominal value of the shares transferred to the share premium account in accordance with the provisions of section 610 of the Companies Act 2006. In each case, the voting rights equate to the proportion of equity shares held. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

The Company's direct subsidiaries at 28 December 2019 were as follows:

Company name	Country of incorporation	Nature of business	Type of shares	% of shares held	Financial year end
Gollek UK Limited	United Kingdom	Holding Co	Ordinary	100	28 December 2019
<i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>					
Pringles Manufacturing Company	USA	Manufacturing	Ordinary	100	28 December 2019
<i>Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States</i>					

In 2019 there have not been any additional investments made by the Company. In 2019, the Company made an impairment in the investment held in Gollek UK Limited of \$162,421,000 relating to Kellogg Canada based on value in use calculation.

KELLOGG GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 28 DECEMBER 2019****7. INVESTMENTS (continued)**

The Company's indirectly held subsidiaries at 28 December 2019 were as follows:

Company name	Country of incorporation	Nature of business	Type of shares	% of shares held	Financial year end
Kellogg Ecuador Compania Ltda <i>Santa Adriana, 18 F N-O, Solar 3-C, AV. 38 E N-O Manzana, 2 Carretero, Juan Tanca, Marengo, Guayaquil, Guayas, Ecuador</i>	Ecuador	Sales	Ordinary	99	31 December 2019
Kellogg Costa Rica S de RL <i>Oficina Kellogg Costa Rica, Rio Segundo De Alajuela, 75 Metros Al Este Del Restaurante, La Candela, Al Costado Sureste Del Aeropuerto Juan Santamaria Bodega DHL, Alajuela, Costa Rica</i>	Costa Rica	Sales	Ordinary	100	31 December 2019
Kellogg de Peru SRL <i>Manuel Olguin N° 335, Interior 1303, Santiago de S, Peru</i>	Peru	Sales	Ordinary	99.01	31 December 2019
Alimentos Kellogg Panama <i>Edificio Argos, Sexto Piso, Santa Maria Business District Llano Bonito, Juan Diaz, Panama, Panama</i>	Panama	Sales	Ordinary	99	31 December 2019
Alimentos Kellogg SA (Venezuela) <i>Av. Tamanaco El Rosal, Edif., Extebandes, Piso 6, Caracas, Venezuela 1060-A, Venezuela</i>	Venezuela	Sales	Ordinary	100	31 December 2019
Kellogg Latin America Holding Company (Two) Limited <i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>	UK	Dormant	Ordinary	100	28 December 2019
Kellogg Latin America Holding Company (One) Limited <i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>	UK	Holding Co	Ordinary	100	28 December 2019
Kellogg Netherlands Holdings BV <i>Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands</i>	Netherlands	Holding Co	Units	100	31 December 2019
Nhong Shim Kellogg Co. Ltd. (South Korea) <i>29, Gongdan 2-ro, Anseong, KyeongKi-Do Korea</i>	South Korea	Sales	Units	90	31 December 2019
Kellogg HK (Private) Limited <i>Flat/ RM 1401, Hutchison House, 10 Harcourt Road, Hong Kong</i>	Hong Kong	Holding co	Ordinary	100	28 December 2019

KELLOGG GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 28 DECEMBER 2019****7. INVESTMENTS (continued)**

Company name	Country of incorporation	Nature of business	Type of shares	% of shares held	Financial year end
Kellogg Company of Great Britain Limited <i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>	UK	Manufacturing	Ordinary	100	28 December 2019
Gollek Argentina S.R.L. <i>Carlos Pelegrini 961, Piso 3 (1009), Buenos Aires (1001), Argentina</i>	Argentina	Sales	Quota	99.99	31 December 2019
Kellogg Company Mexico <i>Km 1, Carr. al Campo Militar s/n, San Antonio de la Punta, 76135 Santiago de Querétaro, Querétaro, Mexico.</i>	Mexico	Sales	Ordinary	33.33	31 December 2019
Pringles Overseas Holdings Sarl <i>10 Chemin De Blandonnet, 1214 Vernier, Switzerland</i>	Switzerland	Holding Co	Quotas	100	31 December 2019
Pringles Taiwan Ltd. <i>4F-1, No 314, Sec 1, Neihu Road, Neihu District, Taipei, Taiwan 114, Taiwan</i>	Taiwan	Dormant	Ordinary	100	31 December 2019
Kellogg Hong Kong Holding Company Limited <i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>	UK	Holding Co	Ordinary	100	28 December 2019
Kelcorn Limited <i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>	UK	Dormant	Ordinary	100	28 December 2019
Kelmill Limited <i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>	UK	Dormant	Ordinary	100	28 December 2019
Kelpac Limited <i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>	UK	Dormant	Ordinary	100	28 December 2019
Favorite Food Products Limited <i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>	UK	Dormant	Ordinary	100	28 December 2019
Kelcone Limited <i>Park Road, Stretford, Manchester, M32 8RA, UK</i>	UK	Dormant	Ordinary	100	28 December 2019

KELLOGG GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 28 DECEMBER 2019****7. INVESTMENTS (continued)**

Company name	Country of incorporation	Nature of business	Type of shares	% of shares held	Financial year end
Saragusa Frozen Foods Limited <i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>	UK	Dormant	Ordinary	100	28 December 2019
Keebler Canada Inc <i>5350 Creekbank Road, Mississauga, Ontario L4W 5S1, Canada</i>	Canada	Holding Co	Ordinary	100	31 December 2019
Kellogg Canada Inc <i>5350 Creekbank Road, Mississauga, Ontario L4W 5S1, Canada</i>	Canada	Manufacturing	Ordinary	100	31 December 2019
Kellogg Australia Holdings Pty Limited <i>41-51 Wentworth Avenue, Pagewood, NSW 2035, Australia</i>	Australia	Holding Co	Ordinary	100	28 December 2019
Kellogg (Aust) Pty Limited <i>41-51 Wentworth Avenue, Pagewood, NSW 2035, Australia</i>	Australia	Sales	Ordinary	100	28 December 2019
Kellogg (Superannuation) Pty Limited <i>41-51 Wentworth Avenue, Pagewood, NSW 2035, Australia</i>	Australia	Pension fund	Ordinary	100	28 December 2019
Pringles Australia Pty Limited <i>41-51 Wentworth Avenue, Pagewood, NSW 2035, Australia</i>	Australia	Dormant	Ordinary	100	28 December 2019
The Healthy Snack People Pty Limited <i>41-51 Wentworth Avenue, Pagewood, NSW 2035, Australia</i>	Australia	Dormant	Ordinary	100	28 December 2019
Specialty Cereals Pty Limited <i>41-51 Wentworth Avenue, Pagewood, NSW 2035, Australia</i>	Australia	Dormant	Ordinary	100	28 December 2019
Kashi Company Pty Limited <i>41-51 Wentworth Avenue, Pagewood, NSW 2035, Australia</i>	Australia	Dormant	Ordinary	100	28 December 2019
Kellogg Lux VI S.ar.l. <i>560 A rue de Neudorf, L-2220, Luxembourg</i>	Luxembourg	Holding Co	Ordinary	100	31 December 2019

KELLOGG GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 28 DECEMBER 2019****7. INVESTMENTS (continued)**

Company name	Country of incorporation	Nature of business	Type of shares	% of shares held	Financial year end
Kellogg Europe Services Limited <i>Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2</i>	Ireland	Financing	Ordinary	100	28 December 2019
Kellogg Rus LLC <i>Vitruka street 4, Voronezh, Russia, 394033</i>	Russia	Sales	Ordinary	100	31 December 2019
Pringles Japan GK <i>Shinagawa Grand Central Tower, 16-4, Konan 2-chome, Minato-ku, Tokyo</i>	Japan	Holding co	Ordinary	100	30 June 2019
Kellogg Japan GK <i>Shinagawa Grand Central Tower, 16-4, Konan 2-chome, Minato-ku, Tokyo</i>	Japan	Sales	Ordinary	100	31 December 2019
Mass Foods <i>Plot No.43/43, 3rd Industrial Zone 6th of October City, 12451, Giza, Egypt</i>	Egypt	Sales	Ordinary	100	31 December 2019
Mass Foods International SAE <i>Plot No.43/43, 3rd Industrial Zone 6th of October City, 12451, Giza, Egypt</i>	Egypt	Sales	Ordinary	100	31 December 2019
Mass Trade and Trade Distribution SAE <i>Plot No.43/43, 3rd Industrial Zone 6th of October City, 12451, Giza, Egypt</i>	Egypt	Sales	Ordinary	100	31 December 2019
Pringles (Shanghai) Food Co Limited <i>Room 333, Part 4, Building 1, No. 2001, Yanggao Road North, China (Shanghai) Pilot Free Trade Zone</i>	China	Dormant	Ordinary	100	31 December 2019
Wimble Manufacturing BVBA <i>Eggestraat, 1 2800, Mechelen, Belgium</i>	Belgium	Manufacturing	Ordinary	100	31 December 2019
Wimble Services BVBA <i>Eggestraat, 1 2800, Mechelen, Belgium</i>	Belgium	Engineering	Ordinary	100	31 December 2019
Pringles Hong Kong Limited <i>6/F, Shui on Ctr, 6-8 Harbour Road, Wanchai, Hong Kong</i>	Hong Kong	Dormant	Ordinary	100	31 December 2019

KELLOGG GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 28 DECEMBER 2019****7. INVESTMENTS (continued)**

Company name	Country of incorporation	Nature of business	Type of shares	% of shares held	Financial year end
Prime Bond Holdings Limited <i>195 Archiepiskopos Makariou III Avenue, Neocleous House, 3030, Limassol, Cyprus</i>	Cyprus	Holding Co	Ordinary	100	31 December 2019
Yihai Kerry Kellogg Foods (Shanghai) Co Limited <i>Room 31, floor 4, No 39 Jia tai Road, Waigaoqiao Free trade zone, Shanghai, China</i>	China	Sales	Ordinary	50	31 December 2019
Wilmar Kellogg (Singapore) Pte. Limited <i>Room 31, floor 4, No 39 Jia tai Road, Waigaoqiao Free trade zone, Shanghai, China</i>	Singapore	Sales	Ordinary	50	31 December 2019
Kellogg Asia Products Sdn. Bhd. <i>Suite2-4, Level 2, Tower Block, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur, Malaysia</i>	Malaysia	Manufacturing	Ordinary	100	31 December 2019
Kellogg Company East Africa Limited <i>Williamson House, 4th Ngong Avenue, P.O. Box 40111 - 00100 Nairobi, Kenya</i>	Kenya	Dormant	Ordinary	100	31 December 2019
KPAR Limited <i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>	UK	Holding Co	Ordinary	100	28 December 2019
Parati Industria E Comercio De Alimentos Ltda <i>Av. Bernardino de Campos, 98, 4th Floor, Suite 49, Paraiso, Sao Paulo, SP Brazil, Brazil</i>	Brazil	Sales	Ordinary	100	31 December 2019
Afical Holding LLC <i>1209 N Orange St, Wilmington, DE 19801, USA</i>	US	Holding Co	Ordinary	100	31 December 2019
Afical Ltda <i>BR-304, Macaiba - RN, 59280-000, Brazil</i>	Brazil	Manufacturing	Ordinary	100	31 December 2019
Padua Ltda <i>Av Carlos Gomes, 222, Andar 8 - Sala Padua, Auxiliadora, Porto Alegre, RS, CEP 90480000, Brazil</i>	Brazil	Dormant	Ordinary	100	31 December 2019

KELLOGG GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 28 DECEMBER 2019****8. DEBTORS**

	28 December 2019	29 December 2018
	\$000	\$000
Amounts owed by group undertakings	16,220	15,774
	<u>16,220</u>	<u>15,774</u>

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

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28 December 2019	29 December 2018
	\$000	\$000
Bank loans and overdrafts	-	1
Trade creditors	-	-
Amounts owed to ultimate parent	1,892	1,892
Amounts owed to group undertakings	403,220	-
	<u>405,112</u>	<u>1,893</u>

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

As at 28 December 2019, amounts owed to group undertakings repayable within 1 year relate to an unsecured loan which bears interest at 3.75% (2018: 3.75%) and is repayable on 11 November 2020.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	28 December 2019	29 December 2018
	\$000	\$000
Amounts owed to group undertakings	438,581	841,801

Amounts owed to group undertakings repayable in over 1 year relate to unsecured loans. The first loan of \$127,400,000 (2018: \$127,400,000), which bears interest at 4.20% (2018: 4.20%), is repayable on 5 November 2024. The second loan is \$311,181,000 (2018: \$311,181,000), this bears interest at 4.00% (2018: 4.00%) and is repayable 29 May 2022. None of the loans are repayable in instalments.

KELLOGG GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 28 DECEMBER 2019****11. CALLED UP SHARE CAPITAL****Allotted and fully paid:**

	28 December 2019		29 December 2018	
	Number	\$	Number	\$
Ordinary shares of \$1 each	1,214,770,601	1,214,770,601	1,214,770,601	1,214,770,601

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

12. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Canada Holdings LLC, which is registered in Canada. 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.