

KJAL LIMITED
FINANCIAL STATEMENTS
28 DECEMBER 2019
Amended



KJAL LIMITED
STRATEGIC REPORT

PERIOD ENDED 28 DECEMBER 2019

The Directors present their strategic report of KJAL Limited (the "Company") for the 2019 financial period from 8 November 2018 to 28 December 2019 (the "period ended 28 December 2019").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company was incorporated on 8 November 2018.

The principal activity of the Company during the period was that of a financing company.

During the period, the Company issued an Australian Dollar denominated loan to Kellogg Australia Holding Pty Ltd.

The profit and loss account for the period ended 28 December 2019 is set out on page 9.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is largely dependent on fellow group undertakings for its business.

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



B Lamont
Director

Approved by the Directors on 20 October 2020

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

KJAL LIMITED
THE DIRECTORS' REPORT
PERIOD ENDED 28 DECEMBER 2019

The Directors have pleasure in presenting their report and the audited financial statements of the Company for the period 8 November 2018 to 28 December 2019 (the "period ended 28 December 2019").

RESULTS AND DIVIDENDS

The Company has presented its results under Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS102").

The Company made a loss of C\$1,817,000 for the period.

The Directors do not recommend the payment of a dividend.

FUTURE OUTLOOK

The Company intends to act as a financing company 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.

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 Period and up to the date of signing the financial statements were as follows, except where noted:

C Jones (appointed 18 December 2019)
P Jones (appointed 10 December 2019)
R Knowles (appointed 8 November 2018)
R Kollepara (appointed 8 January 2019)
B Lamont (appointed 10 December 2019)
R Schell (appointed 8 November 2019)
C Silcock (appointed 28 June 2019)
J Vanderkooi (appointed 8 November 2018)

KJAL LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD ENDED 28 DECEMBER 2019

DIRECTORS' INDEMNITIES

The Company's ultimate holding 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 period and is currently in force.

POLITICAL DONATIONS

The Company made no political donations throughout the financial period.

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.
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KJAL LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD ENDED 28 DECEMBER 2019

DIRECTORS' CONFIRMATIONS

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



B Lamont

Director

Approved by the Directors on 20 October 2020

KJAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KJAL LIMITED

PERIOD ENDED 28 DECEMBER 2019

Report on the audit of the financial statements

Opinion

In our opinion, KJAL 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 14 month period (the "period") 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 14 month period 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 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.

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

KJAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KJAL LIMITED

(continued)

PERIOD ENDED 28 DECEMBER 2019

Reporting on other information (continued)

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 period 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 set out on page 3, 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.

KJAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KJAL LIMITED (continued)

PERIOD ENDED 28 DECEMBER 2019

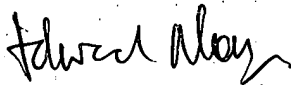
Other required reporting

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
20th October 2020

KJAL LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD ENDED 28 DECEMBER 2019

		Period ended 28 December 2019 C\$'000
	Note	
Administrative expenses		(7,873)
OPERATING LOSS	2	(7,873)
Interest receivable and similar income	3	8,325
PROFIT BEFORE TAXATION		452
Tax on profit	4	(2,269)
LOSS FOR THE FINANCIAL PERIOD		(1,817)

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

The Company has no comprehensive income other than the loss for the period as set out above and therefore no separate statement of comprehensive income has been presented.

The statement of accounting policies and notes on pages 11 to 16 form part of these financial statements.

KJAL LIMITED
BALANCE SHEET
AS AT 28 DECEMBER 2019

	Note	As at 28 December 2019 <u>CS'000</u>
FIXED ASSETS		
Debtors	5	212,981
		<u>212,981</u>
CURRENT ASSETS		
Cash and cash equivalents		642
		<u>642</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	6	(2,207)
NET CURRENT LIABILITY		<u>(1,565)</u>
NET ASSETS		<u>211,416</u>
CAPITAL AND RESERVES		
Called up share capital	7	213,233
Profit and loss account		<u>(1,817)</u>
TOTAL EQUITY		<u>211,416</u>

These financial statements on pages 8 to 16 were approved by the Directors and authorised for issue on 20 October 2020 and are signed on their behalf by:



B Lamont
Director

Company Registration Number: 11667519

The statement of accounting policies and notes on pages 11 to 16 form part of these financial statements.

KJAL LIMITED
STATEMENT OF CHANGES IN EQUITY
PERIOD ENDED 28 DECEMBER 2019

	Called up share capital C\$'000	Profit and loss account C\$'000	Total equity C\$'000
Balance at 8 November 2018	-	-	-
Shares issued	213,233	-	213,233
Loss for the financial period	-	(1,817)	(1,817)
Total comprehensive expense for the period	-	(1,817)	(1,817)
Balance as at 28 December 2019	213,233	(1,817)	211,416

The statement of accounting policies and notes on pages 11 to 16 form part of these financial statements.

KJAL LIMITED
STATEMENT OF ACCOUNTING POLICIES
PERIOD ENDED 28 DECEMBER 2019

General Information

KJAL Limited is a company incorporated in the United Kingdom, and registered and domiciled in England and Wales, with the registration number 11667519. The company is a private company limited by shares and the registered office is: Orange Tower, Media City UK, Salford, Greater Manchester M50 2HF.

Statements of compliance

The individual financial statements of KJAL 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 periods presented, unless otherwise stated.

Going concern

After making enquiries, 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.

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 KJAL 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 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.

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.

KJAL LIMITED

STATEMENT OF ACCOUNTING POLICIES *(continued)*

PERIOD ENDED 28 DECEMBER 2019

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

Taxation

Taxation expense for the Period comprises current and deferred tax recognised in the reporting Period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

Current tax

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

Foreign currencies

The company's functional and presentation currency is the Canadian 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 profit and loss account within 'Other operating (losses)/gains' except when deferred in other comprehensive income as qualifying cash flow hedges.

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

KJAL LIMITED

STATEMENT OF ACCOUNTING POLICIES *(continued)*

PERIOD ENDED 28 DECEMBER 2019

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at the market rate of interest under FRS 102. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies, 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 under FRS 102. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

KJAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 28 DECEMBER 2019

1. FINANCIAL PERIOD

The financial statements cover the period from 8 November 2018 to 28 December 2019.

2. OPERATING LOSS

Operating loss is stated after charging:

	Period ended 28 December 2019 C\$'000
Net loss on foreign currency translation	<u>7,864</u>

The Company has no employees of its own and relies on affiliated companies to provide administrative support. The emoluments of the Directors, and salaries of the 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.

The audit fees for the period amount to C\$20,500 and are borne by fellow group subsidiaries.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 28 December 2019 C\$'000
Bank interest receivable	10
Intercompany interest receivable	7,611
Income from group undertakings	704
	<u>8,325</u>

4. TAX ON PROFIT

(a) Tax charge recognised in profit and loss

	Period ended 28 December 2019 C\$'000
Current tax:	
In respect of the Period:	1,437
Foreign taxation	832
Total tax current charge on profit	<u>2,269</u>

KJAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

PERIOD ENDED 28 DECEMBER 2019

4. TAX ON PROFIT *(continued)*

(b) Reconciliation of tax charge

The tax assessed on the profit for the period is higher than the standard effective rate of corporation tax in the UK of 19.00% for the following reasons:

	Period ended 28 December 2019 C\$'000
Profit before taxation	452
Profit before taxation multiplied by the standard rate of tax 19.00%	86
Withholding Tax	832
Deductible WHT	(145)
FX Translation Loss (non-tax adjusting item)	2
FX Retranslation Reclass (non-tax adjusting item)	1,494
Total tax charge for the period	<u>2,269</u>

5. DEBTORS

	28 December 2019 C\$'000
Amounts owed by group undertakings	212,981

Amounts owed by group undertakings includes a loan principle of C\$214,245,000 which incurs interest at 4.0% and matures in 2024.

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

	28 December 2019 C\$'000
Amounts owed to group undertakings	9
Tax creditor	1,437
Accruals and deferred income	761
	<u>2,207</u>

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

KJAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

PERIOD ENDED 28 DECEMBER 2019

7. CALLED UP SHARE CAPITAL

Allotted and fully paid:

	28 December 2019	
	Number	C\$
Ordinary shares of C\$1 each	<u>213,232,501</u>	<u>213,232,501</u>

On incorporation 8 November 2018, 1 ordinary share was issued for C\$1.

The company increased its Share Capital by C\$213,232,500 on 8 January 2019. It did this by issuing 213,232,500 ordinary shares of C\$1 each to its sole shareholder, Kellogg Canada Inc. in exchange for 225,000,000 fully paid Class A Mandatory Redeemable Preference Shares of A\$1 each in Kellogg Australia Holding Pty Limited. On 25 January 2019 Kellogg Australia Holding Pty Limited cancelled the outstanding balance of Class A Mandatory Redeemable Preference Shares for a A\$225,000,000 cash consideration.

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 Canada Inc. which is registered in the 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.