COMPANY REGISTRATION NUMBER 0199171

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

FINANCIAL STATEMENTS

2 JANUARY 2021

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 2 JANUARY 2021

The Directors present their strategic report of Kellogg Company of Great Britain, Limited (the "Company") for the 2020 financial period from 29 December 2019 to 2 January 2021 (2019: from 30 December 2018 to 28 December 2019).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The principal activity of the Company during the period was the consignment manufacturing of cereal-based food products on behalf of a fellow group company.

The Company has entered into a 12 month extension to the agreement, which runs to 31 December 2021, to provide consignment manufacturing services to an Irish group undertaking, Kellogg Europe Trading Limited.

The results for the Company for the period show a profit before taxation of £8,508,000 (2019: loss of £113,407,000) and turnover of £125,524,000 (2019: £132,687,000). During the period the Company generated a profit before taxation of £8,508,000 (2019: £10,768,000) before recognition of exceptional costs.

Other operating loss relates to the loss on disposal of fixed assets amounting to £233,000 (2019: loss on disposal amounting to £68,000).

At the period end the Company showed net assets of £1,195,740,000 (2019: £1,171,504,000).

The Company recognised an actuarial loss of £45,800,000 (2019: loss of £96,540,000) on re-measurement of the defined benefit pension scheme during the period. Corporate bond yield movements and a refinement to the discount rate assumption methodology have resulted in no movement in the discount rate which is used to measure the Fund's liabilities as at 2 January 2021 compared to the prior period end. A constant discount rate means that a constant reserve is required now to make the payments promised in the future (i.e. constant liabilities). In addition, the liabilities as at 2 January 2021 reflect the latest actuarial valuation for the Fund as at 5 April 2020. Actual experience over the inter-valuation period, including member movements between employers, has led to an increase as at 2 January 2021.

Principal risks and uncertainties

The Company is largely dependent on a fellow group undertaking for its business. To ensure that this business relationship continues the Company monitors pricing to ensure its cost base is competitive in comparison to alternative sources of supply. The Company manufactures products in a fast changing market sector and is in regular contact with its customers regarding what additional manufacturing opportunities may arise and what plans the Company has for developing the products that it manufactures.

As part of the wider Kellogg group the Company is monitoring closely the risk posed by Coronavirus (COVID-19) and has implemented effective measures to safeguard employees and 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. There is no adverse impact from COVID-19 on the financial statements for the period ended 2 January 2021. The duration and ongoing impact of the COVID-19 pandemic is uncertain, however, there is no impact expected on the going concern of the Company.

As the Company's product is either produced in the UK or moves through the UK from Europe, Brexit was a key consideration. The Company worked on putting a number of mitigation strategies in place to ensure there was no disruption caused to the business as a result of Brexit. As a result of the work undertaken, the Company has not seen any significant disruption to the flow of goods into Ireland and is working with the relevant authority to mitigate the impact of any additional tariff payments incurred.

SECTION 172 STATEMENT

The Directors are fully aware of their duty under section 172 (1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The Directors consider that, during the period to 2 January 2021, they have had regard (amongst other matters) to:

a. the likely consequences of any decision in the long term;
b. the interest of the Company's employees;
c. the need to foster the Company's business relationships with suppliers, customers and others;
d. the impact of the Company's operations on the community and the environment;
e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
f. the need to act fairly between members of the Company.

Further details in relation to each of these matters is set out below.

Context

As a subsidiary of the Kellogg Group, the Directors are assisted in these matters by the overarching group governance structures, procedures and policies, to which all group companies and employees must adhere. The Directors also benefit from the expertise of certain group functions such as Human Resources (HR), Legal, Procurement, Internal Audit and Health and Safety which operate with regard to various stakeholders and the success of all group companies.

(a) The likely consequences of any decision in the long term - Taking a Long Term approach

The Directors are aware of the changing external landscape and the needs of its different stakeholder groups.

Where conflicts arise between the short term and long term consequences of a decision these consequences are weighed carefully. Whilst precedence is given to long term benefits, the Directors will consider whether these are outweighed by short term impacts in reaching their conclusions.

The Directors work to promote the success of the Company, by considering the impact that their decisions may have on the Company, along with the Company's stakeholders, having regard to the requirements of section 172 (1) (a) – (f).

The Company is a UK subsidiary of the Kellogg Group. As the principal activity of the Company is to act as a consignment manufacturing company for other entities in the Kellogg Group, the Company has had no commercial business or customers other than transactions with other Kellogg Group companies during the period. The Company has had suppliers in addition to transactions with other Kellogg Group companies during the period and, as such, the breadth of stakeholder and other considerations that would often apply in operating or commercial trading companies have applied to the decisions made by the Directors.

(b) Employee Engagement

There is senior HR representation on the board of the Company. The welfare and development of the Company's employees is of highest importance to the Directors, guided by Kellogg Company's internal K Values which sets out how all Company employees should behave.

The Directors are confident that the Company as part of the Kellogg group has extensive processes in place to ensure the voice of employees is heard and acted upon where necessary. These include an employee forum and regular dialogue with employee union representatives. There is significant investment in employee engagement and communication through the use of regular employee huddles and the use of Yammer, a social networking tool designed to openly connect and engage across the business.

Significant emphasis is placed on creating an environment where all employees feel they can belong. The Company offers access to several Employee Resource Groups to enable participation of specific groups including women, LGBT+ employees and colleagues from BAME communities.

The Company is a signatory to the United Nation's backed Unstereotype Alliance which seeks to eradicate harmful stereotyping in advertising and media content.

Kellogg Company Equal Opportunities, Anti-Harassment and Bullying Policies are set out in a Company Handbook and a report into inclusion and diversity work is published annually.

(c) Business Relationships

The Directors continually seek to maintain and develop strong and mutually beneficial relationships with the Company's suppliers and customers in accordance with Kellogg Group procedures.

There are European wide processes and functions which assist the Directors in this regard. For example, the Company engages with its suppliers via European Procurement teams as well as through other group functions such as Legal, Compliance and Health and Safety.

The Company builds partnerships with its suppliers ensuring they are responsible and capable of delivering our business needs.

Finance and Procurement teams review the financial stability and suitability of our suppliers in line with our policies and ethical standards. Regular supplier account management meetings take place to review performance.

The Directors are committed to complying with all applicable local laws and regulations including in relation to modern slavery, human trafficking and anti-bribery and corruption. Contractual provisions are updated to ensure that external counterparties are obliged to adhere to all applicable laws and regulations.

All dealings with suppliers are governed by the Kellogg Company's Code of Ethics which seeks to set out the joint responsibilities of both the Company and those who supply it.

(d) Community and Environment

Environmental Health and Safety (EHS) and Quality and Food Safety (QFS) are top priorities for the Company and therefore the Director of EHS and QFS is on the board. As Kellogg is one of Britain's most long-standing food companies, the Directors understand their responsibility to help people make healthier choices and play a role in supporting and nurturing communities.

The Group's main corporate social responsibility efforts are focussed on helping to tackle food insecurity, through its support of school breakfast clubs and food banks.

The Directors also recognise the impact of what Kellogg produces on the lives of people. That is why the Directors have assisted the Kellogg Group to pursue a policy of working to improve the nutritional composition of its food including a 40% sugar reduction in one of Kellogg's most famous children's food in the UK – Coco Pops.

The Directors are also aware of their responsibility to the planet and ensure that the Group adheres to extensive policies set at Kellogg group level to reduce its environmental impact in the areas of carbon, water, energy, road miles and freight, food waste, plastics and sustainable sourcing.

Kellogg Company is the signatory to several global multi-stakeholder pledges to address the environmental impact of its operations, including a pledge to ensure all its packaging is either reusable, recyclable or compostable by 2025. Progress against these targets is published on an annual basis in a Global CSR report.

(e) Guarding corporate reputation

The Directors are aware of Kellogg's reputation in the market place and their responsibility to ensure its good health.

Annually the Company participates in two different externally validated surveys to understand its reputation with two major stakeholder groups: consumers and employees.

This analysis helps Directors understand the needs and expectations of stakeholders and independently assess the reputational impact of the various actions and decisions that the Company takes.

Alongside this, the Kellogg UK business has a full reputation management process in place to assist Directors in the long-term protection and management of the Company's reputation.

(e) High standards of business conduct

The Directors strive to operate the business to the highest level of conduct. All staff are required to adhere to the Kellogg Company's Diversity and Inclusion Policy and its Anti-Harassment and Bullying Policy. Kellogg Company has an Office of Ethics and Compliance which acts as a guardian of the Company's policies and conducts regular ethics training for employees.

The Company's employees have full and free access to a whistleblowing service operated by Kellogg Company.

The Directors also benefit from the work of the Group's Internal Audit function which performs routine audits which will review the overall control framework and the Company's compliance with Kellogg policies and procedures.

(f) The need to act fairly between members of the company

The Directors treat all external stakeholders collaboratively and fairly, and duly expect a level of conduct from them which aligns to the Company's values.

Key performance indicators
The Company's key financial performance indicators are turnover and operating profit.

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Turnover	**125,524**	132,687
Operating profit before exceptional items	**7,566**	8,738

Both key performance indicators performed satisfactorily in 2020. Turnover and operating profit are in line with expectation based on the Kellogg Europe operating model.

Signed on behalf of the Board of Directors

DocuSigned by:
Ben Lamont
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B Lamont
Director

Approved by the Directors on 8 December 2021

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 2 JANUARY 2021

The Directors have pleasure in presenting their report and the audited financial statements of the Company for the 2020 financial period from 29 December 2019 to 2 January 2021 (2019: from 30 December 2018 to 28 December 2019).

RESULTS AND DIVIDENDS
The trading results for the period and the Company's financial position at the end of the period are shown in the accompanying financial statements.

A reclassification has been done on the Balance Sheet for the financial period ended 28 December 2019, detailed in note 14.

The Directors do not recommend the payment of a dividend (2019: £nil).

FUTURE OUTLOOK
The Directors expect the outlook for 2021 to be challenging given the tough economic climate in which they operate. It will also be challenging for its underlying subsidiaries given the tough economic climate in which they operate. The Directors will continue to monitor the performance and results of its investments and implement strategy as appropriate.

The Company's consignment manufacturing agreement with Kellogg Europe Trading Limited is due for renewal by 31 December 2021. The Directors are confident that continued cost efficiencies will help secure its renewal.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
The Company's operations expose it to a variety of financial risks that include the 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.

Foreign exchange risk
The Company is exposed to transactional foreign exchange risks in the normal course of its business, principally on inter-company sales and purchases of goods and services. The Group's policy on mitigating the effect of this currency exposure is to consider hedging the net exposure on certain transactions by entering into approved treasury instruments.

Liquidity risk
A Group-wide cash pooling arrangement and overdraft facility is in place, detailed in note 15.

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 by the wider Kellogg group should circumstances warrant it.

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

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.

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

DIRECTORS' REPORT *(continued)*

FOR THE PERIOD ENDED 2 JANUARY 2021

STREAMLINED ENERGY AND CARBON REPORTING DISCLOSURE (SECR)

The Company is composed of two production plants that manufacture cereals. Their combined energy consumption and greenhouse gas (GHG) emissions for the 2020 financial year are:

Table 1: 2020 Energy Consumption and Carbon Emissions by Type

Emission Type	Energy [kWh]	GHG Emission [Tonne CO_2E] (1)
Scope 1 – Fuel use from direct combustion of natural gas and fossil fuels and travel in company owned vehicles	113,702,178	24,930
Scope 2 – Electricity	95,534,254	13,197 (Location based) 0 (Market based) (2)
Scope 3 – Business travel - Personal cars where the company is responsible for the fuel; air / train travel originating and / or finishing in the UK	1,710	0.42
All scopes – Including heat generation from CHP (3)	282,227,197	38,128 (Location based) 24,931 (Market based)
Production [Tonne]	193,950	
Total Intensity Ratio	14,55 kWh/Ton product	197 kg CO_2E/Tonne product (Location based) 129 kg CO_2E/Tonne product (Market based)

METHODOLOGY

The Company has two manufacturing plants located in Manchester and Wrexham, which are part of the UK Emissions Trading Scheme (UK ETS). As such, the Company is following the methodology to calculate scope 1 emissions mandated in the UK ETS Activity Level Data report methodology. The scope 1 emissions are externally verified by SGS yearly as a requirement of participating in the UK ETS and reports of the verification are submitted to the Environment Agency (EA) for approval. Subsequently the direct carbon emissions are offset via carbon credits as per the UK ETS requirements.

1 Greenhouse gas emissions are reported in Tonne of carbon dioxide equivalent (CO_2E).
2 Kellogg Europe started a long-term virtual power purchase agreement (VPPA) for the supply of carbon neutral electricity to all its Western Europe manufacturing plants, including Manchester and Wrexham.
3 The Manchester manufacturing plant has a Combined Heat and Power (CHP), third-party operated installation that provides steam in addition to electricity. The overall emissions are counted as scope 1 and the steam produced is reflected separate from the gas to power the CHP in energy use.

STREAMLINED ENERGY AND CARBON REPORTING DISCLOSURE (SECR) *(continued)*

The Manchester plant obtains its electricity partially by a gas-powered Combined Heat and Power (CHP) located on site but owned and operated by a third party. Contractually the emissions from that installation are reported by Manchester plant within its UK ETS reporting as above. The emissions from that operation are therefore for purposes of this disclosure considered scope 1.

The Company also generates scope 1 emissions from business travel in company owned vehicles. Currently there is no accurate recording of the type of vehicle used for each trip, so following the SECR guidance 2019, the energy use and emissions are calculated using the factors for average size unknown car.

The Company's emissions are associated with the use of electricity from the grid at the factories. To calculate the scope 2 emissions, the Company follows the SECR guidance using the UK government official location-based emission factors.

Kellogg globally has joined the RE100 and established science-based targets. Kellogg Group has publicly made 3 commitments to fight climate change:

1. Reduce 45% of scope 1 and 2 emissions by 2030 with baseline 2015;
2. Reduce 15% of scope 3 emissions by 2030 with baseline 2015; and
3. 100% renewable electricity by 2050;

As part of delivering the third commitment, Kellogg Europe (which includes the Company) entered into a long term Virtual Power Purchase Agreement (VPPA) in 2018, which derives a market-based emission factor of zero for electricity. This report includes both the location-based and market-based emissions.

The methodology to calculate the full scope 3 emissions, including emissions from raw materials and suppliers, is currently being developed and externally verified. Therefore, this report includes only the scope 3 emissions from business related travel using non company-owned vehicles and public transport. The mileage travelled in each type of transport is provided by the travel company that provides transport bookings for business purposes. The report will be updated with scope 3 emissions from other sources once the methodology and calculations have been validated.

Two main components have been included in the travel emissions calculations:

- Car travel in personal vehicles where the company is responsible for paying for the fuel either via fuel invoices or mileage reimbursement; and
- Air travel.

As with travel in company owned vehicles, currently there is no record of type of vehicle used for each trip, therefore the energy use and emissions are calculated using the factors for average size unknown car.

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
P Jones
B Lamont
A Waldock (resigned 16 November 2020)
P Wrigley
K Thomas

DIRECTORS' INDEMNITIES

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

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 period. 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; and
- make judgements and accounting estimates that are reasonable and prudent.

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

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.

EMPLOYEES

Established consultative structures continued to provide a framework for trade union and employee involvement and for discussion of an extensive range of issues of mutual interest. The Company's programme of employee communication was continued with the staging of employee conferences at which Directors and senior management presented a financial and business review and highlighted plans for the future.

Recruitment is based on achieving and maintaining a workforce including disabled persons who can reasonably be expected to become effective employees. Selection is according to ability, acceptability to training, character, dependability and potential for future advancement within the Company. All employment is without discrimination on grounds of sex, marital status, sexual orientation, racial group, religion or belief, age or disability.

Whilst in employment, the Company ensures that all employees, including disabled persons, are given the opportunity to apply for and are considered for vacancies based on their abilities to fulfil the job requirements. Special guidance ensures that disabled employees receive full and training opportunities for career development within the Company. Newly disabled persons will, wherever possible, be retained within the workforce and in their original activity, subject to medical approval.

Employees are encouraged to participate in the success of the business through profit sharing and employee share purchase schemes.

INDEPENDENT AUDITORS

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

Signed on behalf of the Board of Directors

DocuSigned by:

Ben Lamont

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B Lamont
Director

Approved by the Directors on 8 December 2021

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

Report on the audit of the financial statements

Opinion

In our opinion, Kellogg Company of Great Britain, Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 2 January 2021 and of its profit for the period from 29 December 2019 to 2 January 2021;
- 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 2 January 2021; the profit and loss account, the statement of comprehensive income and the statement of changes in equity for the 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2 January 2021 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.

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLOGG COMPANY OF GREAT BRITAIN, LIMITED *(continued)*

FOR THE PERIOD ENDED 2 JANUARY 2021

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, employment law, health and safety regulation, and environmental related legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent financial reporting and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- inquiry of management and the Company's in-house legal and compliance team around actual and potential non-compliance with laws and regulations;
- review of legal expense accounts, assessing whether the nature of costs were indicative of non-compliance with laws and regulations;
- review of meeting minutes of those charged with governance;
- testing journal entries meeting specific risk criteria, testing accounting estimates for indication of management bias, and evaluating the business rationale of any significant transactions outside the normal course of business; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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 obtained 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.

Daniel Wilbourn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
9 December 2021

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 2 JANUARY 2021

	Note	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
TURNOVER	2	**125,524**	132,687
Cost of sales		**(117,725)**	(123,881)
GROSS PROFIT		**7,799**	8,806
Other operating expenses	3	**(233)**	(68)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	3	**7,566**	8,738
Exceptional items	4	**-**	(124,175)
OPERATING PROFIT/(LOSS)	3	**7,566**	(115,437)
Interest receivable and similar income	7	**2,002**	3,304
Interest payable and similar expenses	8	**(1,060)**	(1,274)
PROFIT/(LOSS) BEFORE TAXATION		**8,508**	(113,407)
Tax on profit/(loss)	9	**(3,590)**	(3,332)
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		**4,918**	(116,739)

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

The statement of accounting policies and notes on pages 19 to 40 form part of these financial statements.

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 2 JANUARY 2021

	Note	**Period ended 2 January 2021 £000**	Period ended 28 December 2019 £000
Profit/(loss) for the financial period		**4,918**	(116,739)
Other comprehensive income/(expense):			
Re-measurements of net defined benefit asset	**14**	**23,850**	(18,590)
Movement on deferred tax relating to pension surplus	**17**	**(4,532)**	3,160
Total comprehensive income/(expense) for the period		**24,236**	(132,169)

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The statement of accounting policies and notes on pages 19 to 40 form part of these financial statements.

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

BALANCE SHEET

AS AT 2 JANUARY 2021

	Note	2 January 2021 £000	28 December 2019 *(Restated)* £000
FIXED ASSETS			
Property, plant and equipment	10	**167,310**	202,503
Investments	11	**946,344**	946,344
		1,113,654	1,148,847
CURRENT ASSETS			
Inventories	12	**10,237**	9,829
Debtors	13	**64,278**	27,167
Cash and cash equivalents		**24,880**	17,644
Post-employment benefits (*restated – note 14*)	14	**116,820**	93,540
		216,215	148,180
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE PERIOD	15	**(106,933)**	(106,155)
NET CURRENT ASSETS		**109,282**	42,025
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,222,936**	1,190,872
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE PERIOD	16	**(183)**	(419)
Provision for liabilities	17	**(27,013)**	(18,949)
NET ASSETS		**1,195,740**	1,171,504
CAPITAL AND RESERVES			
Called up share capital	20	**1**	1
Share premium account		**1,194,795**	1,194,795
Retained earnings/(accumulated losses)		**944**	(23,292)
TOTAL EQUITY		**1,195,740**	1,171,504

These financial statements approved by the Directors and authorised for issue on 8 December 2021 and are signed on their behalf by:

B Lamont
Director

DocuSigned by:
Ben Lamont
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Company Registration Number: 0199171

The statement of accounting policies and notes on pages 19 to 40 form part of these financial statements.

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 2 JANUARY 2021

	Called up share capital £000	Share premium account £000	Retained earnings/ (accumulated losses) £000	Total equity £000
Balance as at 30 December 2018	1	1,194,795	108,877	1,303,673
Loss for the financial period	-	-	(116,739)	(116,739)
Other comprehensive expense for the period	-	-	(15,430)	(15,430)
Total comprehensive expense for the period	-	-	(132,169)	(132,169)
Balance as at 28 December 2019	**1**	**1,194,795**	**(23,292)**	**1,171,504**
Balance as at 29 December 2019	1	1,194,795	(23,292)	1,171,504
Profit for the financial period	-	-	4,918	4,918
Other comprehensive income for the period	-	-	19,318	19,318
Total comprehensive income for the period	-	-	24,236	24,236
Balance as at 2 January 2021	**1**	**1,194,795**	**944**	**1,195,740**

The statement of accounting policies and notes on pages 19 to 40 form part of these financial statements.

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

STATEMENT OF ACCOUNTING POLICIES

FOR THE PERIOD ENDED 2 JANUARY 2021

General Information
Kellogg Company of Great Britain, Limited (the "Company") is a company incorporated in the United Kingdom and registered and domiciled in England and Wales, with the registration number 0199171.

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

Statements of compliance
The individual financial statements of Kellogg Company of Great Britain, 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimate are significant to the financial statements are disclosed below in critical accounting judgments and estimation.

A reclassification has been done on the Balance Sheet for the financial period ended 28 December 2019, detailed in note 14.

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.

Exemptions for qualifying entities under FRS 102
FRS 102 allows Kellogg Company of Great Britain, 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 21. As a result, the Company has taken advantage of the following exemptions:

- Certain disclosures surrounding financial instruments; and
- 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; and
- Disclosure of key management personnel compensation in total; and
- Certain disclosures surrounding share-based payments.

Going concern
The financial statements have been 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 confirms 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.

Employee benefits
Short term benefits, including holiday pay and other similar non-mandatory benefits are recognised as an expense in the period in which the service is received.

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

Turnover
Turnover, which excludes value added tax, represents the value of services supplied, and is recognised when the service is performed.

Property, plant and equipment
Fixed assets are stated at historical cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	-	50 years
Plant and machinery	-	from 3 to 20 years

The expected useful lives of the assets to the business are reassessed periodically.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Depreciation commences on a straight-line basis when an asset is available for use, at which time the asset ceases to be classified as construction in progress. If at any time there is a permanent diminution in the value of an asset and the net book amount is considered not to be recoverable in full, the net book amount is written down to the estimated recoverable amount.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit and loss and included in 'Other operating expenses'.

Fixed asset investments
Investments in shares in group undertakings are recorded at cost less any provision for subsequent diminution in value. Impairment reviews are performed by the Directors when there has been an indication of potential permanent impairment in the carrying value of the investment. Any impairment is written off in the financial period in which it arises. The Directors also consider reversals of historic impairments where the original indicators have ceased to apply in the current period.

Inventories
Consumable inventories of engineering parts are stated at the lower of average cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised. A provision is made where appropriate for slow moving or obsolete parts.

Finance lease agreements
Lease agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset were owned outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as a liability. The lease rentals are treated as consisting of capital and interest elements, the interest element being calculated on a 'sum of digits' basis so as to give a constant periodic rate of return on the net cash investment in the lease. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Operating leases
Rentals due under operating lease agreements, where substantially all the benefits and risks of ownership remain with the lessor, are expensed on a straight line basis over the lease term.

Pension costs and other post-retirement benefits

Defined contribution scheme
Employees whose employment commenced after 1 April 2004 can apply for membership of the Kellogg Group's UK defined contribution pension scheme to which both employees and employer contribute.

The assets of the scheme are independently administered and are held separately from those of the Company. The pension expense arising in these financial statements equates to the contributions paid by the employer.

Following the Company review of pension arrangements in the United Kingdom, and subsequent employee consultation, existing employees who were in the defined Benefit pension scheme moved to the Defined Contribution pension scheme as and from 1 January 2019.

Pension costs and other post-retirement benefits *(continued)*

Defined benefit scheme
Employees whose employment commenced before 1 April 2004 were eligible to apply for membership of a defined benefit pension scheme. The assets of the scheme are held separately from those of the Company.

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the balance sheet in respect of the defined benefit plan is the fair value of the plan assets less the present value of the defined benefit obligation at the end of the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximately the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 're-measurement of net defined benefit obligation'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a. The increase in pension benefit liability arising from employee service during the period; and

b. The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Interest receivable and similar income'.

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.

Taxation *(continued)*

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.

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.

Foreign currencies
The Company's functional and presentation currency is the pound sterling.

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 except when deferred in other comprehensive income as qualifying cash flow hedges.

Share-based payments
The ultimate parent undertaking issues equity-settled share-based payments to certain employees (including Directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Company's estimate of the shares that will eventually vest. Once exercised the options are settled in equity by the ultimate parent company, which then recharges the Company.

Fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately.

The Company has taken advantage of the exemption from disclosures under FRS102, paragraphs 26.18b) to 26.21 and 26.23, relating to share-based payments.

Dividends
Dividends payable are recognised in the accounting period in which they are paid or approved by the Company shareholders. These amounts are recognised in the statement of changes in equity.

Dividend income is recognised in the accounting period in which the right to receive payment is established.

Exceptional items
Items that are material in size and non-recurring in nature are presented as exceptional items in the profit and loss account, with the relevant account heading. The Directors are of the opinion that the separate recording of exceptional items provides helpful information about the Company's underlying business performance. Events which may give rise to the classification of items as exceptional include, but are not restricted to restructuring of businesses, one off gains or losses relating to pension liabilities, expenses incurred in relation to business acquisitions and impairment of investments.

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.

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 under section 11 and 12 of 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, 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 under section 11 and 12 of FRS 102.

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 creditors (amounts falling due within one period).

Share capital

Ordinary shares are classified as equity.

Critical accounting judgements and estimation

The Directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period is addressed below.

Useful economic lives of tangible assets
The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimate, based on technology advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for carrying amount of the property plant and equipment, and page 20 for the accounting policy showing the useful economic lives for each class of assets.

Defined benefit pension scheme
The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depends on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimate these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 14 for the disclosures relating to the defined benefit pension scheme.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The bond universe used in calculating the discount rate assumption has been updated during the period based on the best estimate available..

Lease classification
In categorising leases as finance leases or operating leases, management makes judgments as to whether significant risks and rewards of ownership have transferred to the Company as lessee.

Fixed asset investments
The Company considers whether fixed asset investments are impaired by reviewing for indicators of impairment. Where an indication of impairment is identified, an assessment is necessary to determine the recoverable amount based on estimation techniques, assumptions and performance projections. Any impairments are written off in the financial period in which it arises. The Directors also consider reversals of historic impairments where the original indicators have ceased to apply in the current period.

1. FINANCIAL PERIOD

The financial statements cover the financial period from 29 December 2019 to 2 January 2021 (2019: from 30 December 2018 to 28 December 2019).

2. TURNOVER

Turnover arose in the United Kingdom from the Company's principal activity of consignment manufacturing.

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Depreciation of owned fixed assets	**16,969**	24,808
Depreciation of assets held under finance lease agreements	**141**	140
Loss on disposal of fixed assets	**233**	68
Operating lease and other hire costs:		
- plant and machinery	**1,891**	840
Net (gain) on foreign currency translation	**(64)**	(181)
Inventory recognised as an expense	**24**	4

Audit fees amounting to £17,000 (2019: £17,000) are borne by a fellow group company and have not been reflected in the financial statements. The Company has not incurred any non-audit fees during the period.

During the period the Company generated a loss on disposal of fixed assets amounting to £233,000 (2019: loss on disposal £68,000) included within other operating expenses.

4. EXCEPTIONAL ITEMS

During the period the Company recognised no exceptional costs (2019: £124,175,000). The prior period item related to the impairment of the Company's direct investment in Kellogg Canada Inc. based on a value in use calculation.

5. PARTICULARS OF EMPLOYEES

The monthly average number of staff employed by the Company during the financial period amounted to:

	Period ended 2 January 2021 Number	Period ended 28 December 2019 Number
Production	**579**	550
Administration	**233**	233
	812	783

The number of employees includes executive Directors, whose primary employer is the Company, and is adjusted for staff on secondment from and to group undertakings.

The aggregate payroll costs of the above were:

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Wages and salaries	**37,488**	35,746
Social security costs	**4,340**	4,212
Other pension costs:		
- defined benefit scheme (note 14)	**5,070**	4,490
- defined contribution scheme (note 14)	**6,533**	6,511
Equity-settled share-based payments	**195**	182
	53,626	51,141

Pension costs - defined benefit scheme are amounts charged to operating profit and do not include amounts credited to finance income and amounts recognised in the statement of recognised gains and losses.

The Company's ultimate parent issued equity-settled share-based payments to certain employees. The vesting period of the options is three periods and the maximum term of the options granted is ten periods. The Company recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group, being the amount relating to the Directors and management of the Company.

6. DIRECTORS' EMOLUMENTS

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Aggregate emoluments	**738**	353
Compensation for loss of office	**-**	92
Company contributions to money purchase pension schemes	**71**	30

One director received no emoluments in respect of their services (2019: one Director). The emoluments of one Directors are paid by fellow subsidiary undertakings that make no recharge to the Company (2019: two Directors). They are a Director of a number of fellow subsidiary undertakings and it is not possible to make an apportionment of their emoluments in respect of this Company. Accordingly, these financial statements include no emoluments in respect of this Director.

Highest paid Director:

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Total emoluments	**235**	165
Contributions in respect of money purchase schemes	**22**	12

Five Directors (2019: seven Directors) are members of the group's UK defined contribution pension scheme. Three Directors, not including the highest paid Director, (2019: four Directors not including the highest paid Director) were members of the UK group defined benefit pension scheme. Six Directors (2019: eight Directors) are entitled to shares under the share option scheme operated by the ultimate parent company. No Directors (2019: no Directors) exercised share options during the period.

In 2020, the highest paid Director was not a member of a defined benefit pension scheme (2019: was not a member of a defined benefit pension scheme). During the current period the highest paid Director did not exercise options (2019: the highest paid Director did not exercise options).

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Bank interest receivable	**22**	34
Defined benefit scheme:		
Net interest income (note 14)	**1,980**	3,270
	2,002	3,304

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Intercompany interest payable	**1,043**	1,247
Bank interest payable	**1**	4
Finance lease interest	**16**	23
	1,060	1,274

9. TAX ON PROFIT/(LOSS)

(a) Tax charge included in profit and loss account

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period	-	949
Adjustments in respect of prior periods	**58**	223
Total current tax charge	**58**	1,172
Deferred tax:		
Origination and reversal of timing differences	**1,303**	2,058
Adjustments in respect of prior periods	-	102
Effect of tax rate change on opening balance	**2,229**	-
Total deferred tax charge (note 17)	**3,532**	2,160
Tax charge on profit/(loss) (note 9 (c))	**3,590**	3,332

9. TAX ON PROFIT/(LOSS) *(continued)*

(b) Tax charge/(credit) included in other comprehensive income/(expense)

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Deferred tax:		
Origination and reversal of timing differences	**4,532**	(3,160)
Total tax charge/(credit) included in other comprehensive income/(expense)	**4,532**	(3,160)

(c) Reconciliation of tax charge

The tax assessed on the profit/(loss) before taxation is higher (2019: higher) than the standard effective rate of corporation tax in the UK of 19.00% (2019: 19.00%) for the following reasons:

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Profit/(loss) before taxation	**8,508**	(113,407)
Profit/(loss) before taxation multiplied by the standard rate of tax	**1,616**	(21,547)
Fixed asset differences	**(4,438)**	(780)
Expenses not deductible for tax purposes	**-**	23,593
Other tax adjustments, reliefs and transfers	**5,370**	2,205
Transfer pricing adjustments	**370**	-
Group relief claimed	**(1,615)**	(222)
Adjustments in respect of prior periods	**58**	223
Adjustments to deferred tax in respect of prior periods	**-**	102
Remeasurement of deferred tax for changes in tax rates	**2,229**	-
Effect of deferred tax provided at different rates	**-**	(242)
Tax charge for the period (note 9 (a))	**3,590**	3,332

(d) 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.

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. As this change (cancelling the enacted cut to 17%) had been substantively enacted at the balance sheet date, its effect is included in these financial statements.

Finance Bill 2021 was published on 11 March 2021. With effect from 1 April 2023, the bill sets the main rate of corporation tax at 25%. As this change was not substantively enacted at the balance sheet date, its effect is not included in these financial statements. However, if it was included the impact would be to increase the recognised deferred tax liability by £8,530,000 (2019: 2,229,000).

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold property	Assets in the course of Construction	Plant and machinery	Total
	£000	**£000**	**£000**	**£000**
COST				
At 29 December 2019	195,922	17,777	391,993	**605,692**
Additions	-	10,405	-	**10,405**
Transfers from and to group undertakings	-	(8,325)	(71,373)	**(79,698)**
Disposals	-	-	(2,559)	**(2,559)**
Transfers	3,162	(12,184)	9,022	**-**
At 2 January 2021	199,084	7,673	327,083	**533,840**
ACCUMULATED DEPRECIATION				
At 29 December 2019	127,485	-	275,704	**403,189**
Charge for the period	4,897	-	12,213	**17,110**
On disposals	-	-	(2,326)	**(2,326)**
Transfers	-	-	(51,443)	**(51,443)**
At 2 January 2021	132,382	-	234,148	**366,530**
NET BOOK VALUE				
At 2 January 2021	**66,702**	**7,673**	**92,935**	**167,310**
At 28 December 2019	68,437	17,777	116,289	202,503

Assets held under finance lease agreements

Included within the net book value of plant and machinery is £310,000 (2019: £426,000) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £141,000 (2019: £140,000).

During the period assets were transferred to group undertakings by the Company at net book value as part of the programme of efficiency.

11. INVESTMENTS

	Shares in group undertakings £000
COST	
At 29 December 2019 and **at 2 January 2021**	**1,070,518**
PROVISION FOR IMPAIRMENT	
At 29 December 2019 and **at 2 January 2021**	**(124,174)**
NET BOOK VALUE	
At 2 January 2021	**946,344**
At 28 December 2019	946,344

The Company's subsidiaries at 2 January 2021 were as follows:

Name	Country of Incorporation	Nature of business	Ownership
Kelcorn Limited	UK	Dormant	Direct
Kelmill Limited	UK	Dormant	Direct
Kelpac Limited	UK	Dormant	Direct
Favorite Food Products Limited	UK	Dormant	Direct
Kelcone Limited	UK	Dormant	Direct
Saragusa Frozen Foods Limited	UK	Dormant	Direct
KJAL Ltd	UK	Financing Company	Indirect

The registered address of the dormant subsidiaries is Orange Tower, Media City UK, Salford, Greater Manchester, M50 2HF, United Kingdom.

Name	Country of Incorporation	Nature of business	Ownership
Kellogg Canada Inc.	Canada	Manufacturing & Distribution	Direct

The registered address of the Canadian subsidiaries is 5350 Creekbank Road, Mississauga, Ontario, Canada L4W 4C5.

11. INVESTMENTS *(continued)*

Name	Country of Incorporation	Nature of business	Ownership
Kellogg Australia Holdings Pty Limited	Australia	Manufacturing & Distribution	Indirect
Kellogg (Aust.) Pty Limited	Australia	Manufacturing & Distribution	Indirect
Kellogg (Superannuation) Pty Limited	Australia	Trustee Pension Fund	Indirect
Pringles Australia Pty Limited	Australia	Dormant	Indirect
The Healthy Snack People Pty Limited	Australia	Dormant	Indirect
Specialty Cereals Pty Limited	Australia	Dormant	Indirect
Kashi Company Pty Limited	Australia	Dormant	Indirect

The registered address of the Australian subsidiaries is 41-51 Wentworth Avenue, Pagewood NSW 2035, Australia.

The Company owns 100% of the ordinary share capital in each entity with the exception of Kellogg Australia Holdings Pty Limited in which it indirectly holds 100% of the ordinary shares. All the dormant companies did not trade in this or the previous financial period. Each period an assessment is made on the carrying value of each subsidiary to determine if the value is upheld. Impairment reviews are performed by the Company when there has been an indication of impairment in the carrying value of the investment. The Company also consider reversals of historic impairments where the original indicators have ceased to apply in the current period.

12. INVENTORIES

	2 January 2021 £000	28 December 2019 £000
Consumables	**10,237**	9,829

There are no significant differences between the replacement cost of consumables and their carrying amounts. Consumables are stated after provisions for obsolescence of £536,000 (2019: £638,000).

13. DEBTORS

	2 January 2021 £000	28 December 2019 £000
Trade debtors	**1,502**	349
Amounts owed by group undertakings	**52,313**	21,103
Amounts owed by ultimate parent company	**-**	12
VAT asset	**5,239**	3,542
Other debtors	**30**	31
Corporation tax	**1,700**	-
Prepayments and accrued income	**3,494**	2,130
	64,278	27,167

Amounts owed by group undertakings are interest free, unsecured and repayable on demand. Trade debtors are stated after provisions for impairment of £nil (2019: £nil).

14. POST–EMPLOYMENT BENEFITS

The Company operates a number of pension schemes for its employees. The amount recognised in the balance sheet is as follows:

	2 January 2021 £000	28 December 2019 £000
Defined benefit scheme asset	**116,820**	93,540

The full amount of the defined benefit scheme asset has been reclassified into Current Assets, from the liabilities section, within the Balance Sheet for the prior period. The opening position as at 30 December 2018 was £110,640,000.

The amount recognised in the profit and loss account is as follows:

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Defined benefit scheme:		
Current service cost	**5,070**	2,870
Termination benefits	**-**	1,620
Defined contribution scheme	**6,533**	6,511
Total charge in operating profit	**11,603**	11,001
Defined benefit scheme:		
Net interest income	**(1,980)**	(3,270)
Total charge	**9,623**	7,731

(a) Defined benefit scheme

The Company is a participating employer in Kellogg's (Great Britain) Pension Fund ("the Fund"). The cost of the accrual is based on the Company's share of the combined salary roll of all participating employers and the contributions over the cost of accrual are based on the Company's split of the Fund's overall liability.

A comprehensive actuarial valuation of the Fund, using the projected unit credit method, was carried out by Willis Towers Watson, independent consulting actuaries. The cost will change in the future should the age/salary/sex profile of the membership change. As the Fund is closed to new entrants, the cost of the future accrual as a proportion of salary role can be expected to increase as the average age of the membership increases on a given basis.

14. POST–EMPLOYMENT BENEFITS *(continued)*

(a) Defined benefit scheme *(continued)*

Adjustments to the valuation at the period end have been made based on the following assumptions:

	2 January 2021 %	28 December 2019 %
Expected rate of salary increases	**-**	-
Expected rate of increase of pensions in payment	**2.55**	2.50
Expected rate of increase for deferred pensioners	**2.55**	2.50
Discount rate	**1.45**	2.05
Rate of inflation	**3.15**	3.20

The mortality assumptions used were as follows:

	2 January 2021 Years	28 December 2019 Years
Longevity at age 65 for current pensioners		
- Men	**20.3**	21.0
- Women	**23.4**	23.4
Longevity at age 65 for future pensioners		
- Men	**21.2**	21.9
- Women	**24.5**	24.6

Reconciliation of scheme assets and liabilities

	Assets £000	**Liabilities £000**	**Total £000**
At 29 December 2019	**822,730**	**(729,190)**	**93,540**
Benefits paid	**(38,940)**	**38,940**	**-**
Employer contributions	**2,220**	**-**	**2,220**
Current service cost	**-**	**(5,070)**	**(5,070)**
Special termination benefit contribution	**300**	**-**	**300**
Interest income/(expense)	**16,540**	**(14,560)**	**1,980**
Re-measurement (losses)/gains:			
Actuarial loss	**-**	**(45,800)**	**(45,800)**
Return on plan assets excluding interest income	**69,650**	**-**	**69,650**
Other	**-**	**-**	**-**
At 2 January 2021	**872,500**	**(755,680)**	**116,820**

14. POST–EMPLOYMENT BENEFITS *(continued)*

(a) Defined benefit scheme *(continued)*

The Company is one of a number of participating employers in the Fund. The nature of the Fund is such that the assets and liabilities are not segregated and so are allocated to each of the employers in a reasonable and consistent manner. The allocation of assets and liabilities to each of the employers will be revisited following each formal valuation of the Fund, which will occur at least every three years. The actuarial valuation as at 5 April 2020 is complete. The next formal valuation date for the Fund is 5 April 2023. The allocation may also be revisited following events such as any change to the number of employers participating in the Fund.

Following the Company review of pension arrangements in the United Kingdom, and subsequent employee consultation, existing employees who are currently in the Defined Benefit pension scheme moved to the Defined Contribution pension scheme as and from 1 January 2019.

There are no amounts included in the fair value of scheme assets relating to the Company's own financial instruments or property occupied by, or other assets used by the entity.

Total cost recognised as an expense/(income):	**Period ended 2 January 2021 £000**	Period ended 28 December 2019 £000
Current service cost	**5,070**	2,870
Termination benefits	**-**	1,620
Net interest income	**(1,980)**	(3,270)
	3,090	1,220

The fair value of the plan assets was:	**2 January 2021 £000**	28 December 2019 £000
Equity instrument	**508,668**	608,820
Bonds	**125,640**	119,296
Property	**89,867**	90,500
Other	**148,325**	4,114
	872,500	822,730

The returns on plan assets was:	**Period ended 2 January 2021 £000**	Period ended 28 December 2019 £000
Interest income	**16,540**	21,500
Return on plan assets less interest income	**69,650**	77,950
Total return on plan assets	**86,190**	99,450

14. POST–EMPLOYMENT BENEFITS *(continued)*

(b) Defined contribution scheme

The amount recognised as an expense for the defined contribution scheme was:

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Current period contributions	**6,533**	6,511

At the period end there were no prepaid or outstanding amounts (2019: £nil) in relation to the defined contribution scheme.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE PERIOD

	2 January 2021 £000	28 December 2019 £000
Trade creditors	**13,823**	12,896
Bank loans and overdrafts	**-**	254
Finance lease agreements	**167**	184
Amounts owed to group undertakings	**88,362**	87,342
Amounts owed to ultimate parent company	**6**	-
Corporation tax	**-**	484
Accruals and deferred income	**4,575**	4,995
	106,933	106,155

Amounts owed to group undertakings includes an unsecured interest-bearing loan of £87,917,000 (2019: £86,874,000) which is repayable within one period and incurs interest at 12 months libor plus 30 basis points annually. All other amounts owed to group undertakings and 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.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE PERIOD

	2 January 2021 £000	28 December 2019 £000
Finance lease agreements which expire within 2 to 5 period	**183**	419

Equipment held under finance leases are secured over the assets concerned. For assets acquired under hire purchase agreements, the Company has the option to purchase these assets at the end of the lease term. There are no other contingent rentals, sublease, restrictions or renewal option clauses.

17. PROVISIONS FOR LIABILITIES

The deferred tax included in the balance sheet is as follows:

	2 January 2021 £000	28 December 2019 £000
Deferred tax	**27,013**	18,949

The movement in the deferred taxation account during the period was:

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Liability brought forward	**(18,949)**	(19,949)
Deferred tax charged to the profit and loss account	**(3,532)**	(2,160)
Deferred tax (charged)/credited to other comprehensive income	**(4,532)**	3,160
Liability carried forward	**(27,013)**	(18,949)

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2 January 2021 £000	28 December 2019 £000
Excess of taxation allowances over depreciation on fixed assets	**(5,282)**	(3,464)
Short term timing differences	**465**	416
Post-employment benefits	**(22,196)**	(15,901)
	(27,013)	(18,949)

17. PROVISIONS FOR LIABILITIES *(continued)*

The deferred tax liability relates to timing differences arising on the Company's defined benefit pension scheme and timing differences in respect of fixed asset depreciation and capital allowances.

The timing differences in respect of the defined benefit scheme arise as tax deductions are received based on the actual contributions paid to the pension scheme. The amount of the tax deduction will therefore differ to the pension expense recognised in the profit and loss account or the actuarial gains/losses amount or other remeasurement effects recognised in the statement of other comprehensive income. The deferred tax liability in respect of the defined benefit scheme will reverse in line with the realisation of the defined benefit pension asset that is recognised on the Company's balance sheet.

The timing differences in respect of fixed asset depreciation and capital allowances arise due to differences between the net book value and the tax written down value of the company's fixed assets. The deferred tax liability in respect of fixed assets will reverse when fixed assets qualifying for capital allowances have been fully depreciated and a tax deduction has been claimed for all available capital allowances.

18. COMMITMENTS UNDER OPERATING LEASES

The Company had the following future minimum lease payments under non-cancellable operating leases as set out below.

	Assets other than land and buildings		**Land and buildings**	
	2 January 2021	28 December 2019	**2 January 2021**	28 December 2019
	£000	£000	**£000**	£000
Operating leases which expire:				
Not later than one period	**1,119**	753	**5,106**	1,717
Later than one period and not later than five periods	**2,450**	659	**20,367**	6,868
Later than five periods	**777**	10	**51,330**	6,868
	4,346	1,422	**76,803**	15,453

The Company has also guaranteed certain operating leases entered into by a fellow group undertaking; total commitments over the lives of these leases remaining at the end of the period amounted to £nil (2019: £nil).

19. FINANCIAL COMMITMENTS

At the period end there was £3,673,000 (2019: £2,669,000) capital expenditure contracted for but not provided for.

20. CALLED UP SHARE CAPITAL

Allotted and fully paid:

	2 January 2021		28 December 2019	
	Number	**£**	Number	£
Ordinary shares of £0.05 each	**20,082**	**1,004**	20,082	1,004

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

During the period the Company paid dividend of £nil on ordinary share capital (2019: £nil).

21. ULTIMATE CONTROLLING PARTY

The Company's immediate parent undertaking is Kellogg Latin America Holding Company (One) Limited, which is 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.