COMPANY REGISTRATION NUMBER 0199171

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

FINANCIAL STATEMENTS

29 DECEMBER 2018

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 29 DECEMBER 2018

The Directors present the strategic report of the Company for the year ended 29 December 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The principal activity of the Company during the year 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 2019, to provide consignment manufacturing services to an Irish group undertaking, Kellogg Europe Trading Limited.

The results for the Company for the year show a profit before taxation of £33,939,000 (2017: profit of £12,079,000) and turnover of £138,963,000 (2017: £130,309,000). During the year the Company generated a profit before taxation of £30,116,000 (2017: £14,016,000) before recognition of other operating profit/ losses.

Other operating profit relates to the profit on disposal of fixed assets amounting to £3,823,000 (2017: loss on disposal amounting to £1,937,000).

The Company recognised an actuarial gain of £35,850,000 (2017: gain of £61,120,000) on re-measurement of the Defined benefit pension scheme during the year. Corporate bond yield movements and a refinement to the discount rate assumption methodology have resulted in an increase in the discount rate which is used to measure the Fund's liabilities as at 29 December 2018 compared to the prior year end. A higher discount rate means that a lower reserve is required now to make the payments promised in the future (i.e. lower liabilities). A slight increase in the expected level of future inflation has contributed to an actuarial loss, although to a lesser extent. In addition, the liabilities as at 29 December 2018 reflect the latest actuarial valuation for the Fund as at 5 April 2017. Actual experience over the inter valuation period, including member movements between employers, has led to a gain as at 29 December 2018.

In response to increasing cost pressures and in order to optimise the Company's cost base, in recent years the Company has embarked on a programme of efficiency savings in its manufacturing operations with the intention of putting the Company in a position to remain competitive when its consignment manufacturing contract comes up for renewal. The programme of efficiency savings, which will take several years to implement, continued during 2018.

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 internal Kellogg customers regarding what additional manufacturing opportunities may arise and what plans Kellogg has for developing the products that the Company manufactures.

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

	Year ended 29 December 2018 £000	Year ended 30 December 2017 £000
Turnover	**138,963**	130,309
Operating profit	**30,887**	11,524

Both key performance indicators performed satisfactorily in 2018 and are in line with expectations.

Signed on behalf of the Board of Directors

N Jaynes
Director

Approved by the Directors on 22 March 2019

The Directors have pleasure in presenting their report and the audited financial statements of the Company for the year ended 29 December 2018.

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

The Directors do not recommend the payment of a dividend (2017: £nil).

FUTURE OUTLOOK
The Directors expect the current level of business to be sustained for the foreseeable future.

The Company's consignment manufacturing agreement with Kellogg Europe Trading Limited is due for renewal by 31 December 2019. The Directors are confident that continued cost efficiencies will help secure its renewal.

In November 2013, Kellogg Company announced Project K, a significant, multi-year, global growth and efficiency program that will reshape the business and serve as a catalyst for future growth. This program will unlock cost savings that will be used to invest significantly in our long-term growth strategy.

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 by monitoring levels of debt finance and the related finance costs and managing interest rate risks. Hedging would be considered should circumstances warrant it.

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 Company'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
The Company maintains a suitable profile of debt finance that is designed to ensure the Company should always have sufficient available liquid funds for its operations.

Interest rate risk
In order to ensure the stability of cash outflows and hence manage interest rate risk, the Company keeps under constant review its levels of debt, the maturity and currency of the debt, and the interest expense being incurred, including the split between fixed and variable interest rates. Hedging would be considered should circumstances warrant it.

DIRECTORS
The Directors who served the Company during the year and up to the date of signing the financial statements were as follows, except where noted:

N Jaynes
K Thomas
A Critchley

DIRECTORS' INDEMNITIES
The ultimate holding company maintains liability insurance for the Directors and officers of the group. This was in place during the financial year and also at the date of approval of the financial statements and is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Statement of directors' responsibilities in respect of the financial statements
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

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

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

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

DISCLOSURE OF INFORMATION TO AUDITORS
In 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.

GOING CONCERN
The Directors consider it appropriate to prepare the financial statements on a going concern basis due to the continued financial support of ultimate parent company, Kellogg Company.

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

N Jaynes
Director

Approved by the Directors on 22 March 2019

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

FOR THE YEAR ENDED 29 DECEMBER 2018

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 29 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 29 December 2018; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the year then ended; the 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

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 29 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

Edward Moss (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
22 March 2019

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 29 DECEMBER 2018

	Note	Year ended 29 December 2018 £000	Year ended 30 December 2017 £000
TURNOVER	2	**138,963**	130,309
Cost of sales		**(111,899)**	(116,848)
GROSS PROFIT		**27,064**	13,461
Other operating income/(expense)	3	**3,823**	(1,937)
OPERATING PROFIT	3	**30,887**	11,524
Interest receivable and similar income	6	**3,150**	596
Interest payable and similar expenses	7	**(98)**	(41)
PROFIT BEFORE TAXATION		**33,939**	12,079
Tax on profit	8	**(5,575)**	(1,241)
PROFIT FOR THE FINANCIAL YEAR		**28,364**	10,838

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

The statement of accounting policies and notes on pages 13 to 34 form part of these financial statements.

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 29 DECEMBER 2018

	Note	Year ended 29 December 2018 £000	Year ended 30 December 2017 £000
Profit for the financial year		**28,364**	10,838
Other comprehensive (expense)/ income:			
Re-measurements of net defined benefit asset	16	**(15,950)**	93,090
Movement on deferred tax relating to pension surplus	15	**2,712**	(15,825)
Total comprehensive income for the year		**15,126**	88,103

The statement of accounting policies and notes on pages 13 to 34 form part of these financial statements.

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

BALANCE SHEET

AS AT 29 DECEMBER 2018

	Note	29 December 2018 £000	30 December 2017 £000
FIXED ASSETS			
Property, plant and equipment	9	**216,364**	219,300
Investments	10	**1,070,518**	1,070,518
		1,286,882	1,289,818
CURRENT ASSETS			
Inventories	11	**9,560**	8,826
Debtors	12	**37,020**	13,389
Cash and cash equivalents		**3,107**	45,441
		49,687	67,656
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	**(123,067)**	(157,393)
NET CURRENT LIABILITIES		**(73,380)**	(89,737)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,213,502**	1,200,081
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	**(520)**	(699)
PROVISIONS FOR LIABILITIES	15	**(19,949)**	(17,085)
NET ASSETS EXCLUDING PENSION ASSET		**1,193,033**	1,182,297
Post-employment benefits	16	**110,640**	106,250
NET ASSETS		**1,303,673**	1,288,547
CAPITAL AND RESERVES			
Called up share capital	20	**1**	1
Share premium account		**1,194,795**	1,194,795
Retained earnings		**108,877**	93,751
TOTAL EQUITY		**1,303,673**	1,288,547

These financial statements on pages 9 to 34 were approved by the Directors and authorised for issue on 22 March 2019 and are signed on their behalf by:

N Jaynes
Director

Company Registration Number: 0199171

The statement of accounting policies and notes on pages 13 to 34 form part of these financial statements.

KELLOGG COMPANY OF GREAT BRITAIN, LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 DECEMBER 2018

	Called up share capital	Share premium account	Retained earnings	Total equity
	£000	£000	£000	£000
Balance as at 1 January 2017	1	1,194,795	5,648	1,200,444
Profit for the financial year	-	-	10,838	10,838
Other comprehensive income for the year	-	-	77,265	77,265
Total comprehensive income for the year	-	-	88,103	88,103
Balance as at 30 December 2017	1	1,194,795	93,751	1,288,547
Balance as at 31 December 2017	1	1,194,795	93,751	1,288,547
Profit for the financial year	-	-	28,364	28,364
Other comprehensive expense for the year	-	-	(13,238)	(13,238)
Total comprehensive income for the year	-	-	15,126	15,126
Balance as at 29 December 2018	**1**	**1,194,795**	**108,877**	**1,303,673**

The statement of accounting policies and notes on pages 13 to 34 form part of these financial statements.

General Information

Kellogg Company of Great Britain, Limited 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 other than share-based payments recognised at fair value.

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.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 19. 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;
- Disclosure of key management personnel compensation in total; and
- Certain disclosures surrounding share-based payments.

Going concern

The Directors consider it appropriate to prepare the financial statements on a going concern basis due to the continued financial support of ultimate parent company, Kellogg Company.

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.

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

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 gains/(losses)'.

Fixed asset investments

Investments in shares in group undertakings are recorded at cost less any provision for subsequent diminution in value, by reference to the higher of net realisable value and value in use. 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 year in which it arises.

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. 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.

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 'net interest income/(expense)'.

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 year or prior year. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation

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

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

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

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. 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.

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 year).

Critical accounting judgements and estimation

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the 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 9 for carrying amount of the property plant and equipment, and page 14 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 16 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.

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 objective evidence and data. Where an indication of impairment is identified it is necessary to use estimation techniques to determine the amount that the entity would receive for the asset if it were to be sold at the reporting date.

1. FINANCIAL YEAR

The financial statements cover the 2018 financial year from 31 December 2017 to 29 December 2018 (2017: from 1 January 2017 to 30 December 2017).

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):

	Year ended 29 December 2018 £000	Year ended 30 December 2017 £000
Equity-settled share-based payments	**156**	277
Depreciation of owned fixed assets	**23,297**	21,558
Depreciation of assets held under finance lease agreements	**229**	226
(Profit)/ loss on disposal of fixed assets	**(3,823)**	1,937
Operating lease and other hire costs:		
- plant and machinery	**1,032**	1,047
- other	**1,043**	2,054
Net (gain) on foreign currency translation	**(300)**	(363)
Inventory recognised as an expense	**49**	9

Audit fees amounting to £16,500 (2017: £14,500) 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 year.

During the year the Company generated a profit on disposal of fixed assets amounting to £3,823,000 (2017: loss on disposal £1,937,000) included within other operating gains/(losses).

4. PARTICULARS OF EMPLOYEES

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

	Year ended 29 December 2018 Number	Year ended 30 December 2017 Number
Production	**573**	568
Administration	**228**	220
	801	788

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:

	Year ended 29 December 2018 £000	Year ended 30 December 2017 £000
Wages and salaries	**38,928**	37,494
Social security costs	**4,302**	3,969
Other pension costs:		
- defined benefit scheme (note 16)	**9,200**	10,100
- defined contribution scheme (note 16)	**1,347**	1,227
Equity-settled share-based payments	**156**	277
	53,933	53,067

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 years and the maximum term of the options granted is ten years. The Company recognizes 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.

5. DIRECTORS' EMOLUMENTS

	Year ended 29 December 2018 £000	Year ended 30 December 2017 £000
Aggregate emoluments	**291**	440
Compensation for loss of office	**-**	183
Value of company pension contributions to money purchase schemes	**11**	12

The emoluments of one Director is paid by fellow subsidiary undertakings that make no recharge to the Company (2017: one). 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:

	Year ended 29 December 2018 £000	Year ended 30 December 2017 £000
Total emoluments	**151**	139
Defined benefit pension scheme:		
Accrued pension at end of year	**31**	44

One Director (2017: one) is a member of the group's UK defined contribution pension scheme. Two Directors, including the highest paid Director, (2017: four Directors including the highest paid Director) were members of the UK group defined benefit pension scheme. Three Directors (2017: five Directors) are entitled to shares under the share option scheme operated by the ultimate parent company. One Directors (2017: three Directors) exercised share options during the year.

In 2018, the highest paid Director was a member of a defined benefit pension scheme and, at the year end the accrued pension amounted to £31,000 (2017: £44,000) together with a lump sum amounting to £nil (2017: £nil). During the current year the highest paid Director did not exercise options (2017: the highest paid Director did not exercise options).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 29 December 2018 £000	Year ended 30 December 2017 £000
Bank interest receivable	**160**	56
Defined benefit scheme:		
Net interest income (note 16)	**2,990**	540
	3,150	596

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 29 December 2018 £000	Year ended 30 December 2017 £000
Finance lease interest	**98**	41
	98	41

8. TAX ON PROFIT

(a) Tax charge/(credit) included in profit and loss account

	Year ended 29 December 2018 £000	Year ended 30 December 2017 £000
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	**-**	-
Adjustments in respect of prior years	**-**	-
Total current tax credit	**-**	-
Deferred tax:		
Origination and reversal of timing differences	**5,441**	1,969
Adjustments in respect of prior years	**134**	(728)
Effect of tax rate change on opening balance	**-**	-
Total deferred tax charge (Note 15)	**5,575**	1,241
Tax charge on profit (Note 8 (c))	**5,575**	1,241

8. TAX ON PROFIT *(continued)*

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

	Year ended 29 December 2018 £000	Year ended 30 December 2017 £000
Deferred tax		
Origination and reversal of timing differences	**(2,712)**	15,825
Total tax expense/(income) included in other comprehensive income/(expense)	**(2,712)**	15,825

(c) Reconciliation of tax charge/(credit)

The tax assessed on the profit/(loss) for the financial year is lower (2017: lower) than the standard effective rate of corporation tax in the UK of 19.00% (2017: 19.25%) for the following reasons:

	Year ended 29 December 2018 £000	Year ended 30 December 2017 £000
Profit before taxation	**33,939**	12,079
Profit before taxation multiplied by the standard rate of tax	**6,448**	2,325
Expenses not deductible for tax purposes	**60**	955
Group relief claimed	**(427)**	(1,051)
Adjustments in respect of prior years	**-**	-
Adjustments to deferred tax in respect of prior years	**135**	(728)
Effect of deferred tax provided at different rates	**(641)**	(260)
Tax charge for the year (Note 8(a))	**5,575**	1,241

(d) Factors that may affect future tax charges

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020.

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

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

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold property	Assets in the course of Construction	Plant and machinery	Total
	£000	£000	£000	£000
COST				
At 31 December 2017	215,264	23,984	364,310	**603,558**
Additions	-	30,256	-	**30,256**
Transfers from and to group undertakings	135	5	(2,628)	**(2,488)**
Disposals	(21,319)	-	(14,683)	**(36,002)**
Transfers	1,151	(36,136)	34,985	**-**
At 29 December 2018	195,231	18,109	381,984	**595,324**
ACCUMULATED DEPRECIATION				
At 31 December 2017	132,769	-	251,489	**384,258**
Charge for the year	5,012	-	18,502	**23,514**
On disposals	(15,171)	-	(13,640)	**(28,811)**
At 29 December 2018	122,610	-	256,351	**378,961**
NET BOOK VALUE				
At 29 December 2018	**72,621**	**18,109**	**125,633**	**216,363**
At 30 December 2017	82,495	23,984	112,821	219,300

Assets held under finance lease agreements

Included within the net book value of plant and machinery is £581,000 (2017: £777,000) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £229,000 (2017: £226,000).

10. INVESTMENTS

	Shares in group undertakings £000
COST	
At 31 December 2017 and **at 29 December 2018**	**1,070,518**
NET BOOK VALUE	
At 29 December 2018	**1,070,518**
At 30 December 2017	1,070,518

The Company's subsidiaries at 29 December 2018 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
Keeb Canada Inc	Canada	Holding company	Indirect

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

10. 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 share capital and mandatory redeemable preference shares ($275m). All the dormant companies did not trade in this or the previous financial year. The Directors believe that the book value of investments is supported by their underlying net assets.

11. INVENTORIES

	29 December 2018 £000	30 December 2017 £000
Consumables	**9,560**	8,826

There are no significant differences between the replacement cost of consumables and their carrying amounts.

12. DEBTORS

	29 December 2018 £000	30 December 2017 £000
Trade debtors	**251**	343
Amounts owed by group undertakings	**34,328**	11,256
Other debtors	**31**	30
Corporation tax	**129**	98
Prepayments and accrued income	**2,281**	1,662
	37,020	13,389

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.
Trade debtors are stated after provisions for impairment of £nil (2017: £nil).

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	29 December 2018 £000	30 December 2017 £000
Trade creditors	**13,549**	16,651
Finance lease agreements	**191**	253
Amounts owed to ultimate parent company	**14**	1,120
Amounts owed to group undertakings	**86,527**	132,508
VAT liability	**1,108**	244
Accruals and deferred income	**21,678**	6,617
	123,067	157,393

Amounts owed to group undertakings includes a non-interest bearing loan of £85,627,000 (2017: £130,559,000) which is repayable on demand. All other amounts owed to group undertakings and the ultimate parent company are interest free, unsecured and repayable on demand.

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

	29 December 2018 £000	30 December 2017 £000
Finance lease agreements which expire within 2 to 5 years	**520**	699
	520	699

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.

15. PROVISIONS FOR LIABILITIES

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

	29 December 2018 £000	30 December 2017 £000
Deferred tax	**19,949**	17,085

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

	29 December 2018 £000	30 December 2017 £000
Liability brought forward	**(17,085)**	(19)
Adjustments in respect of prior years	**(135)**	728
Deferred tax (credited) to the profit and loss account	**(5,441)**	(1,969)
Deferred tax charged/(credited) to other comprehensive income	**2,712**	(15,825)
Liability carried forward	**(19,949)**	(17,085)

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

	29 December 2018 £000	30 December 2017 £000
Excess of taxation allowances over depreciation on fixed assets	**(1,557)**	561
Short term timing differences	**416**	416
Post-employment benefits	**(18,808)**	(18,062)
	(19,949)	(17,085)

16. POST – EMPLOYMENT BENEFITS

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

	29 December 2018 £000	30 December 2017 £000
Defined benefit scheme asset	**110,640**	106,250

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

	Year ended 29 December 2018 £000	Year ended 30 December 2017 £000
Defined benefit scheme:		
Current service cost	**11,140**	11,130
Curtailments	**(20,340)**	(1,040)
Termination benefits	**-**	10
Defined contribution scheme	**1,347**	1,227
Total charge in operating profit	**(7,853)**	11,327
Defined benefit scheme		
Net interest income	**(2,990)**	(540)
Total charge	**(10,843)**	10,787

(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. Adjustments to the valuation at the year-end have been made based on the following assumptions:

16. POST – EMPLOYMENT BENEFITS *(continued)*

	29 December 2018 %	30 December 2017 %
Expected rate of salary increases	**-**	4.40
Expected rate of increase of pensions in payment	**2.45**	2.40
Expected rate of increase for deferred pensioners	**2.45**	2.40
Discount rate	**2.90**	2.65
Rate of inflation	**3.45**	3.40

The mortality assumptions used were as follows:

	29 December 2018 Years	30 December 2017 Years
Longevity at age 65 for current pensioners		
- Men	**21.5**	21.6
- Women	**23.9**	24.0
Longevity at age 65 for future pensioners		
- Men	**22.5**	22.6
- Women	**25.1**	25.1

Reconciliation of scheme assets and liabilities

	Assets £000	**Liabilities £000**	**Total £000**
At 31 December 2017	**809,600**	**(703,350)**	**106,250**
Benefits paid	**(28,780)**	**28,780**	**-**
Employer contributions	**8,150**	**-**	**8,150**
Fund participant's contributions	**20**	**(20)**	**-**
Current service cost	**-**	**(11,140)**	**(11,140)**
Curtailments	**-**	**20,340**	**20,340**
Interest income/(expense)	**21,240**	**(18,250)**	**2,990**
Re-measurement gains/(losses):			
Actuarial gain	**-**	**35,850**	**35,850**
Return on plan assets excluding interest income	**(51,800)**	**-**	**(51,800)**
Other	**60**	**(60)**	**-**
At 29 December 2018	**758,490**	**(647,850)**	**110,640**

16. POST – EMPLOYMENT BENEFITS *(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 2017 is complete. The next formal valuation date for the Fund is 5 April 2020. The allocation may also be revisited following events such as any change to the number of employers participating in the Fund.

Following a 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:	**Year ended 29 December 2018 £000**	Year ended 30 December 2017 £000
Current service cost	**11,140**	11,130
Curtailments	**(20,340)**	(1,040)
Termination benefits	**-**	10
Net interest income	**(2,990)**	(540)
	(12,190)	9,560

The fair value of the plan assets was:	**29 December 2018 £000**	30 December 2017 £000
Equity instrument	**527,151**	564,291
Bonds	**109,981**	115,773
Property	**79,641**	84,198
Other	**41,717**	45,338
	758,490	809,600

The returns on plan assets was:	**Year ended 29 December 2018 £000**	Year ended 30 December 2017 £000
Interest income	**21,240**	18,430
Return on plan assets less interest income	**(51,800)**	31,970
Total return on plan assets	**(30,560)**	50,400

16. POST – EMPLOYMENT BENEFITS *(continued)*

(b) Defined contribution scheme

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

	Year ended 29 December 2018 £000	Year ended 30 December 2017 £000
Current year contributions	**1,347**	1,227

At the year-end there were no prepaid or outstanding amounts (2017: £nil) in relation to the defined contribution scheme.

17. 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**	
	29 December 2018 £000	30 December 2017 £000	**29 December 2018 £000**	30 December 2017 £000
Operating leases which expire:				
Not later than one year	**878**	**51**	**1,776**	**1,547**
Later than one year and not late than five years	**1,524**	**406**	**7,104**	**51**
Later than five years	-	-	**7,549**	-
	2,402	**457**	**16,429**	**1,598**

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 year amounted to £nil (2017: £50,000).

18. FINANCIAL COMMITMENTS

At the year-end there was £4,820,000 (2017: £4,784,000) capital expenditure contracted for but not provided for.

19. 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.

20. CALLED UP SHARE CAPITAL

Allotted and fully paid:

	29 December 2018		30 December 2017	
	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 year the Company paid dividend of £nil on ordinary share capital (2017: £nil).

21. EVENTS AFTER THE REPORTING PERIOD

As are many companies, the Company is focused on mitigating the risks of a "no-deal" or "hard" Brexit. As part of this work, the Company is aiming to have the right amount of finished case goods stock across UK borders by the 29th March, to ensure supply to our customers and consumers. The Company is also are partnering with our suppliers to ensure we have appropriate levels of raw & pack materials available by 29th March for our manufacturing facilities.

In the case of a "no-deal" or "hard" Brexit, the Company recognises the potential for friction at borders and tariffs on imports of raw & pack materials and finished case goods crossing UK borders. The potential impact of other factors, such as adverse movements in the exchange rates, have been considered but are difficult to quantify due to the volatile political environment, which impacts them on a daily basis.