COMPANY REGISTRATION NUMBER 7467768

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

FINANCIAL STATEMENTS

2 January 2016

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KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

STRATEGIC REPORT

YEAR ENDED 2 JANUARY 2016

The Directors present their strategic report of the Company for the year from 4 January 2015 to 2 January 2016 (the "year ended 2 January 2016").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is that of an investment holding company and is expected to continue as such for the foreseeable future.

During the current year the Company paid interest on its intercompany loans, received dividend income of $69,000,000 from its investments in Kellogg Company of Great Britain Limited and Kellogg Korea and recognised an impairment of fixed asset investments.

The impairment relates to the investments in Alimentos Kellogg SA (Venezuela) and Kellogg Ecuador Compania Ltda. and is based on net asset value and value in use calculation respectively. The impairment of Alimentos Kellogg SA (Venezuela) is $86,672,000 and the impairment of Kellogg Ecuador Compania Ltda is $13,140,000.

During the current year, Kellogg Company Mexico performed a capital distribution of $93,783,000.

In the previous year the Company acquired investments in Kellogg Company of Great Britain Limited and Prime Bond Holdings Limited, and made capital contributions to its investments in Kellogg Hong Kong Private Limited, Gollek Argentina S.R.L and Prime Bond Holdings Limited.

In the previous year the Company disposed of its holdings in Pringles Korea S&D Co, Kellogg Asia Products Sdn Bhd (Malaysia) and Kellogg Canada Inc. The company made gains on disposal of $3,864,000 in Pringles Korea Company and $258,821,000 in Kellogg Canada Inc.

PRINCIPAL RISKS AND UNCERTAINTIES

As the Company is an investment holding company, the Directors believe its principal risk and uncertainty is a significant change in the underlying businesses of its direct subsidiaries that would impact the carrying value of its investments.

KEY PERFORMANCE INDICATORS

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

Signed on behalf of the Directors

H.W. Nicholson

H Nicholson
Director

Approved by the Directors on 26 September 2016

The Directors have pleasure in presenting their report and the audited financial statements of the Company for the year from 4 January 2015 to 2 January 2016 (the "year ended 2 January 2016").

RESULTS AND DIVIDENDS

The loss for the financial year ended 2 January 2016 is set out on page 7.

This is the first year that the company has presented its results under Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102"). The impact on equity at the date of transition to FRS102, 30 December 2013, and at 3 January 2015, together with the changes to the reported profit for the year ended 3 January 2015, are shown in note 16.

An interim dividend of $50,000,000 was paid (2014: $nil). No final dividend is proposed (2014: $nil).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's operations expose it to the financial risk of interest rate risk associated with the intercompany debt held. The Company has in place risk management programmes that seek to manage the financial exposures of the Company by monitoring levels of debt finance and the related finance costs.

Interest rate risk

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

Price risk

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

Liquidity risk

The Company maintains suitable intercompany debt finance that is designed to ensure the Company always has sufficient available liquid funds for its operations. 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.

Credit risk

The Company is exposed to credit risk on amounts receivable from group undertakings and cash deposits with financial institutions. The balances due from group undertakings are reviewed regularly to ensure they are supported by the assets of the group company in question. Cash deposits are limited to financial institutions with an appropriate credit rating. Diversified liquidity funds are the preferred investment vehicle used.

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:

J Vanderkooi
R Schell
H Nicholson
P Knowles
S Hopwood (appointed as a Director 21 September 2016)
N Jaynes (appointed as a Director 21 September 2016)

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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 Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS102")) 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 financial year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of the financial statements; 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 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. They 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.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

DIRECTORS' INDEMNITITES

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

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

H.V. Nicholson

H Nicholson
Director
Approved by the Directors on 26 September 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

YEAR ENDED 2 JANUARY 2016

Report on the financial statements

Our opinion

In our opinion, Kellogg Latin America Holding Company (One) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 2 January 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 2 January 2016;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Edward Moss

Edward Moss (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
26th September 2016

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 2 JANUARY 2016

	Note	Year ended 2 January 2016 $000	Year ended 3 January 2015 $000
TURNOVER		-	-
Administrative expenses:			
- before exceptional		(5)	(9)
- exceptional	2	(99,812)	262,685
		(99,817)	262,676
OPERATING (LOSS)/PROFIT	3	(99,817)	262,676
Income from shares in group undertakings	4	69,573	987
Other interest receivable and similar income		56	52
Interest payable and similar charges	5	(6,647)	(5,936)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		(36,835)	257,779
Tax on (loss)/profit on ordinary activities	7	(264)	(172)
(LOSS)/ PROFIT FOR THE FINANCIAL YEAR	17	(37,099)	257,607

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

The Company has no other comprehensive income or expense other than the (loss)/profit for the years as set out above, and therefore no separate statement of total comprehensive income has been presented.

The statement of accounting policies and notes on pages 10 to 22 form part of these financial statements.

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

BALANCE SHEET

AS AT 2 JANUARY 2016

	Note	2 January 2016 $000	3 January 2015 $000
FIXED ASSETS			
Investments	8	**3,003,587**	3,186,732
CURRENT ASSETS			
Cash and cash equivalents		**4,000**	-
Debtors	9	**18,170**	18,269
		22,170	18,269
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	**(77,797)**	(169,942)
NET CURRENT LIABILITIES		**(55,627)**	(151,673)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,947,960**	3,035,059
CREDITORS: Amounts falling due after more than one year	12	**(156,957)**	(156,957)
NET ASSETS		**2,791,003**	2,878,102
CAPITAL AND RESERVES			
Called up equity share capital	13	**1,476,104**	1,476,104
Share premium account	17	**1,167,358**	1,167,358
Profit and loss account	17	**147,541**	234,640
TOTAL EQUITY	18	**2,791,003**	2,878,102

These financial statements on pages 7 to 22 were approved by the Directors and authorised for issue on 26 September 2016 and are signed on their behalf by:

H.W. Nicholson

H Nicholson
Director

Company Registration Number: 7467768

The statement of accounting policies and notes on pages 10 to 22 form part of these financial statements.

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

STATEMENT OF CHANGES IN EQUITY

AS AT 2 JANUARY 2016

	Called up equity share capital $'000	Share premium account $'000	Profit and loss account $'000	Total equity $'000
Balance at 29 December 2013	1,476,104	1,167,358	(22,967)	2,620,495
Profit for the financial year	-	-	257,607	257,607
Other comprehensive income for the financial year	-	-	-	-
Total comprehensive income for the financial year	-	-	257,607	257,607
Balance at 3 January 2015	1,476,104	1,167,358	234,640	2,878,102
Balance at 4 January 2015	1,476,104	1,167,358	234,640	2,878,102
Loss for the financial year	-	-	(37,099)	(37,099)
Other comprehensive income for the financial year	-	-	-	-
Total comprehensive income for the financial year	-	-	(37,099)	(37,099)
Dividends paid	-	-	(50,000)	(50,000)
Total transactions recognised directly in equity	-	-	(50,000)	(50,000)
Balance at 2 January 2016	**1,476,104**	**1,167,358**	**147,541**	**2,791,003**

The statement of accounting policies and notes on pages 10 to 22 form part of these financial statements.

General Information

Kellogg Latin America Holding Company (One) Limited is a company incorporated and domiciled in England and Wales, with the registration number 7467768.

The company is a private company limited by shares and the registered office is: The Kellogg Building, Talbot Road, Manchester, M16 0PU.

Statements of compliance

The individual financial statements of Kellogg Latin America Holding Company (One) 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

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 required the use of certain critical accounting estimates. It also required management to exercise its judgement in the process of applying the company's accounting policies.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 16.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. The directors believe that it is appropriate for the financial statements to be prepared on the going concern basis having received a letter of support from the ultimate parent undertaking, Kellogg Company, which indicates that it will continue to provide sufficient funds to enable the company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows Kellogg Latin America Holding Company (One) 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 15. As a result the company has taken advantage of the following exemptions:

- Certain disclosures surrounding financial instruments;
- The requirement to prepare a statement of cash flows; and
- Disclosure of key management personnel compensation in total.

Cash flow statement

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Kellogg Company, includes the company's cash flows in its own consolidated financial statements.

Related parties transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned. Consolidated financial statements of Kellogg Company, which incorporate the financial statements of the Company, are publicly available (note 15). The Company was not involved in any other related party transactions during the financial year.

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.

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).

Exceptional items

Items that are material in size and non-recurring in nature are presented as exceptional items in the profit and loss account, within 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.

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 are 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 US Dollar.

The year end exchange rate to sterling at 2 January 2016 was $1.47 (2014: $1.56).

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.

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.

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.

Consolidated financial statements

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

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

Critical accounting judgements and estimation

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. PERIOD COVERED

The financial statements cover the financial year from 4 January 2015 to 2 January 2016 (2014: 29 December 2013 to 3 January 2015).

2. EXCEPTIONAL ITEMS

	2 January 2016 $000	3 January 2015 $000
Gain on disposal	**-**	262,685
Impairment of fixed asset investments	**(99,812)**	-

The impairment relates to investments in Alimentos Kellogg SA (Venezuela) ($86,672,000) and Kellogg Ecuador Compania Ltda. ($13,140,000) and is based on net asset value and value in use calculation respectively; the impairment has been caused by volatility in both the Venezuelan and Ecuadorian markets.

The gain on disposal in 2014 relates to the liquidation of Pringles South Korea ($3,864,000) and the disposal of Kellogg Canada Inc ($258,821,000) to another group company.

3. OPERATING (LOSS)/PROFIT

The Company has no employees of its own and relies on fellow group undertakings to provide administrative support. The emoluments of the Directors are paid by fellow subsidiary undertakings that make no recharge to the Company. They are Directors of a number of fellow subsidiary undertakings and it is not possible to make an apportionment of their emoluments in respect of this Company. Accordingly, these financial statements include no emoluments in respect of Directors. Audit fees of $36,000 (2014: $34,000) are borne by fellow group subsidiaries.

4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2 January 2016 $000	3 January 2015 $000
Income from group undertakings	**69,573**	987

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2 January 2016 $000	3 January 2015 $000
Bank interest payable	**210**	450
Interest on loans from group undertakings	**6,437**	5,486
	6,647	5,936

6. DIVIDENDS

Equity dividends

	2 January 2016 $000	3 January 2015 $000
Paid during the year:		
	50,000	-
Ordinary shares		
3.4c (2014: 0c) per $1 share	50,000	-

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

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

	Year ended 2 January 2016 $000	Year ended 3 January 2015 $000
Current tax:		
UK Corporation tax based on the results for the year at 20.24% (2014: 21.49%)	47	389
Total current tax charge	47	389
Deferred tax:		
Origination and reversal of timing differences	-	(115)
Adjustments in respect of prior periods	217	(102)
Total deferred tax (note 10)	-	(217)
Tax charge on (loss)/profit on ordinary activities	264	172

7. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES *(continued)*

(b) Reconciliation of tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher (2014: lower) than the standard effective rate of corporation tax in the UK of 20.24% (2014: 21.49%) for the following reasons:

	Year ended 2 January 2016 $000	Year ended 3 January 2015 $000
(Loss)/profit on ordinary activities before taxation	**(36,835)**	257,779
(Loss)/profit on ordinary activities multiplied by the standard rate of tax	**(7,458)**	55,405
Income not taxable	**(14,086)**	(56,672)
Expenses not deductible for tax purposes	**20,208**	-
Group relief surrendered	**1,335**	1,143
Withholding tax	**47**	259
Adjustments in respect of prior periods	**217**	28
Other adjustments	**-**	9
Total tax charge (note 7(a))	**264**	172

(c) Factors that may affect future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

8. INVESTMENTS

	$000
COST	
At 4 January 2015	3,429,435
Additions	10,450
Capital distribution	(93,783)
At 2 January 2016	**3,346,102**
PROVISION FOR IMPAIRMENT	
At 4 January 2015	242,703
Additions	99,812
At 2 January 2016	**342,515**
NET BOOK VALUE	
At 2 January 2016	**3,003,587**
At 3 January 2015	3,186,732

All investments are in group undertakings involved in the food industry and are stated at cost less provision for impairment. Cost represents the fair value of the shares acquired, with the excess of the fair value over and above the nominal value of the shares transferred to the share premium account in accordance with the provisions of section 610 of the Companies Act 2006. In each case, the voting rights equate to the proportion of equity shares held. The Directors believe that the carrying value of the investments is supported by their underlying value in use. The Company's subsidiaries at 2 January 2016 were as follows:

Company name	Country of incorporation	Nature of Business	% of shares held
Kellogg Ecuador Compania Ltda	Ecuador	Sales	99
Kellogg Costa Rica S de RL	Costa Rica	Sales	100
Kellogg de Peru SRL	Peru	Sales	99.01
Alimentos Kellogg Panama	Panama	Sales	99
Alimentos Kellogg SA (Venezuela)	Venezuela	Sales	100
Kellogg Latin America Holding Company (Two) Limited	UK	Dormant	100
Kellogg Netherlands Holdings BV	Netherlands	Holding co	100
Nhong Shim Kellogg Co. Ltd. (South Korea)	South Korea	Sales	90
Kellogg HK (Private) Limited	Hong Kong	Holding co	100
Kellogg Company of Great Britain Limited	UK	Manufacturing	100
Gollek Argentina S.R.L.	Argentina	Sales	99.99
Kellogg Company Mexico	Mexico	Sales	99.99
Pringles Overseas Holdings Sarl	Switzerland	Holding co	100
Pringles Taiwan Ltd.	Taiwan	Dormant	100
Pringles Servicos E Comercio De Alimentos Ltda.	Brazil	Sales	99.88
Kellogg Hong Kong Holding Company Limited	UK	Dormant	100

8. INVESTMENTS *(continued)*

Company name	Country of incorporation	Nature of business	% of shares held
Kelcorn Limited*	UK	Dormant	100
Kelmill Limited*	UK	Dormant	100
Kelpac Limited*	UK	Dormant	100
Favorite Food Products Limited*	UK	Dormant	100
Kelcone Limited*	UK	Dormant	100
Saragusa Frozen Foods Limited*	UK	Dormant	100
Keebler Canada Inc*	Canada	Holding co	100
Kellogg Canada Inc*	Canada	Manufacturing	100
Kellogg Australia Holdings Pty Limited*	Australia	Holding Co	100
Kellogg (Aust) Pty Limited*	Australia	Sales	100
Kellogg (Superannuation)Pty Limited*	Australia	Pension fund	100
Pringles Australia Pty Limited*	Australia	Dormant	100
The Healthy Snack People Pty Limited*	Australia	Dormant	100
Specialty Cereals Pty Limited*	Australia	Dormant	100
Kashi Company Pty Limited*	Australia	Dormant	100
Kellogg Lux VI S.ar.l.*	Luxembourg	Holding Co	100
Kellogg Europe Services Limited*	Ireland	Financing	100
Kellogg Rus LLC*	Russia	Sales	100
Pringles Japan GK*	Japan	Holding co	100
Kellogg Japan GK*	Japan	Sales	100
Mass Foods*	Egypt	Sales	100
Mass Foods International SAE*	Egypt	Sales	100
Mass Trade and Trade Distribution SAE*	Egypt	Sales	100
Pringles (Shanghai) Food Co Limited*	China	Dormant	100
Wimble Manufacturing BVBA*	Belgium	Manufacturing	100
Wimble Services BVBA*	Belgium	Engineering	100
Pringles Hong Kong Limited	Hong Kong	Dormant	100
Kellogg Qingdao Food Limited	China	Dormant	100

*Indirectly held investments

Investments purchased during the year:

Kellogg Hong Kong Holding Company Limited	UK	Dormant	100

There were no investments disposed of during the year. Kellogg Company Mexico performed a capital distribution of $93,783,000 during the year.

The impairment relates to the investments in Alimentos Kellogg SA (Venezuela) and Kellogg Ecuador Compania Ltda. and is based on net asset value and value in use calculation respectively. The impairment of Alimentos Kellogg SA (Venezuela) is $86,672,000 and the impairment of Kellogg Ecuador Compania Ltda is $13,140,000.

Opening provision for impairment relates to the investments in Nhong Shim Kellogg Co. Ltd. (South Korea), Kellogg Company Mexico and Kellogg HK (Private) Limited.

9. DEBTORS

	2 January 2016 $000	3 January 2015 $000
Trade debtors	-	7
Amounts owed by group undertakings	**18,170**	18,045
Deferred taxation (note 10)	-	217
	18,170	18,269

Amounts owed by group undertakings include loans of $3,385,000 (2014: $3,385,000) which incur interest at 0% (2014: 0%) and a loan of $354,000 (2014: $350,000) which incurs interest at 0.45% (2014: 0.45 %). The remaining balance represents other amounts owed by group undertakings which are are unsecured and repayable on demand.

10. DEFERRED TAXATION

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

	2 January 2016 £000	3 January 2015 £000
Included in debtors (note 9)	-	217
	-	217

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

	2 January 2016 £000	3 January 2015 £000
Asset brought forward	**217**	-
Statement of income and retained earnings movement during the year	**(217)**	217
Asset carried forward	-	217

The balance of the deferred taxation account in 2014 consists of the tax effect of timing differences in respect of origination and reversal of timing differences and adjustments in respect of prior periods ($217,000).

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2 January 2016 $000	3 January 2015 $000
Bank loans and overdrafts	**1,903**	39,277
Amounts owed to group undertakings	**75,894**	130,665
	77,797	169,942

Included in amounts owed to group undertakings is an unsecured loan note of $65,000,000 (2014: $119,091,000) which bears interest at 3m USD LIBOR+ 0.2% (2014: 3m USD LIBOR+ 0.2%) and is repayable on 10 March 2016.

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

	2 January 2016 $000	3 January 2015 $000
Amounts owed to group undertakings	**156,957**	156,957

Included in amounts owed to group undertakings are unsecured loans of $156,957,000 (2014: $156,957,000), which bear interest at 3.5% (2014: 3.5%) and are repayable on 24 May 2017.

13. CALLED UP SHARE CAPITAL

Allotted and fully paid:

	2 January 2016		3 January 2015	
	Number	$	Number	$
Ordinary shares of $1 each	**1,476,103,967**	**1,476,103,967**	1,476,103,967	1,476,103,967

On incorporation 1 ordinary share of $1 nominal value was issued at par value.

On 16th December 2010 a further 26,410,011 shares were issued in exchange for shareholdings in other group companies. The nominal value of these shares was $26,410,011 and the consideration received was $116,541,621.

During 2011 a further 984,228,695 shares were issued in exchange for shareholdings in other group companies. The nominal value of these shares was $984,228,695 and the consideration received was $1,787,636,334.

During 2012 a further 465,464,260 shares were issued in exchange for shareholdings in other group companies. The nominal value of these shares was $465,464,260 and the consideration received was $919,283,983

14. POST BALANCE SHEET EVENTS

Due to the devaluation Venezuelan Bolivar against the United States Dollar in 2016, since the balance sheet date, the net book value of the Company's investments in Alimentos Kellogg SA, could be further impaired during 2016. Due to the continuing fluctuations in the currencies, the impact of this is not able to be reliably estimated. This is a non-adjusting post balance sheet event requiring disclosure.

15. ULTIMATE PARENT COMPANY

The Company's immediate parent undertaking is Gollek UK Limited (registered in England and Wales). In November 2014 Kellogg Group Limited contributed its shareholding in the Company to Gollek UK Limited.

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.

16. TRANSITION TO FRS 102

This is this first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 3 January 2015. The date of transition to FRS 102 was 29 December 2013.

As a result of these changes, there is no difference between profit for the year ended 3 January 2015 and the total equity as at 29 December 2013 and 3 January 2015 between UK GAAP as previously reported and FRS 102.

17. RESERVES

	Called up equity share capital	**Share premium account**	**Profit and loss account**
	$000	$000	$000
At 4 January 2015 under UK GAAP as previously reported and under FRS 102	1,476,104	1,167,358	234,640
Loss for the financial year	-	-	(37,099)
Dividend paid	-	-	(50,000)
Balance carried forward	**1,476,104**	**1,167,358**	**147,541**

18. RECONCILIATION OF MOVEMENTS IN EQUITY

	2 January 2016 $000	3 January 2015 $000
(Loss)/Profit for the financial year under UK GAAP as previously reported and under FRS 102	**(37,099)**	257,607
Equity dividend on ordinary shares	**(50,000)**	-
Net decrease in equity	**(87,099)**	257,607
Opening equity	**2,878,102**	2,620,495
Closing equity	**2,791,003**	2,878,102