

Registered charity number 1163560 in England & Wales and SC046098 for Scotland

KFC FOUNDATION

REPORT & FINANCIAL STATEMENTS

PERIOD ENDED

25 DECEMBER 2022

KFC FOUNDATION

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Period from 27 December 2021 to 25 December 2022

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KFC FOUNDATION

Officers and Professional Advisors

Period from 27 December 2021 to 25 December 2022

Legal & Foundation Information

Trustees	Simon Coates James Fletcher (Chair) Akram Khan (Resigned 16th May 2022) Paula Jane Mackenzie (Resigned 7 th March 2022) Neil Morrison (Resigned 22nd November 2022) Nichola Newman Michael Williams (Appointed 10 th March 2022) Clara Widdison (Appointed 27 th June 2022) Daniel Mark Carr (Appointed 27 th June 2022) Jonathan Davies (Appointed 14 th November 2022)
Secretary	Louise Norris
Registered Office	Orion Gate, Guildford Road, Woking, GU22 7NJ
Functional Team	Thalia Beaty Hannah Simmons Julian Thomas (Gift Aid Secretary – resigned 4 th May 2023) Louise Norris

Advisors

Principal Bankers	National Westminster Bank PLC 23 Brunswick Place Brunswick Gate S015 2AQ
Solicitors	BDB Pitmans 50 Broadway London SW1H 0BL
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

KFC FOUNDATION

Statement from our Chair of Trustees

Period from 27 December 2021 to 25 December 2022

Statement from our Chair of Trustees

The KFC Foundation has a mission to empower young people across the UK to ensure they have the chance to fulfil their potential and build a positive future. Through the exceptional work and support of KFC team members, the incredible generosity of our communities, and the inspirational work of our partner organisations who provide spaces that allow young people to feel safe and secure, helping them to unlock talent, build life skills, provide mentoring, or improve their chances to gain meaningful employment, we have been able to help support thousands of young people across the UK.

The impact of the cost-of-living crisis and soaring bills across the UK has been particularly damaging to grassroots organisations and their service users throughout 2022 leaving many unable to deliver their services as they had planned, leading to growing uncertainty about the future. This uncertainty has exacerbated issues, including but not limited to, mental health, homelessness, and food insecurity where services are already under immense pressure. We look to our partner organisations with great admiration as they continue to find ways of adapting in order to meet the ever-growing needs of the young people that they support and the new challenges they face.

Team members working in KFC restaurants and head offices across the UK have continued to work through what has been a challenging year for many of them. There are many individuals and teams who have gone above and beyond to support the Foundation. Their pride and passion have not gone unnoticed, and their impact has been phenomenal in enabling the Foundation to give as many grants as we have and continue to do.

Finally, we thank the communities who continue to donate with such generosity. It is the kindness of KFC restaurant guests that supports so many young people around the UK who are impacted by financial disadvantage.

It is my pleasure to announce yet another successful year; raising £1.4m and donating £194,753 in community grants to 98 organisations. These organisations work for the benefit of the community, creating a positive impact and working with tireless diligence and professionalism. Through these organisations, the KFC Foundation is able to offer support for young people living in the toughest circumstances, providing positive activities in which they can take part, mentoring for the most vulnerable, and in many cases the chance to make steps into employment, education, training, or volunteering. And in yet another challenging year tackling some of the most basic human needs such as food security.

In addition to our small community grants programme, we continued in our final year of partnership with Comic Relief. On the Red Nose Day Night of Television in March 2023, we were thrilled to announce £828,500 raised throughout the year. Our work with Comic Relief funded several organisations here in the UK that provide safe social spaces, mentoring, and work and social skills. Our goal was to raise £3m over four years for Comic Relief and we smashed it, bringing in £3.5million. We would like to extend our gratitude to Comic Relief for their partnership over the past four years and look forward to cheering them on as they continue their extraordinary work. With our partnership with Comic Relief coming to an end in 2023, we are excited to embark on our next journey.

The conclusion of the partnership with Comic Relief has given the Trustees and Foundation team time to consider the strategic direction of the organisation. The landscape for young people remains a challenge, having come out of a global pandemic and into a cost-of-living crisis following over a decade of spending cuts in the youth services. We have always been a grant maker and although we do it in as modern and as inclusive a fashion as possible, we want to roll our sleeves up and find our own story to tell. To that end, we will be working towards becoming a service delivery organisation; creating KFC Foundation youth hubs. Amazing spaces and awesome youth workers that allow young people who most need it, to feel safe and secure. We will still be there for our small charity partners though and we keep encouraging all those eligible to answer our calls for applications.

KFC FOUNDATION

Statement from our Chair of Trustees

Period from 27 December 2021 to 25 December 2022

I would like to take the opportunity to thank the teams, individuals and KFC franchisees that have enabled the Foundation to continue making an impact. Firstly, I'd like to extend my thanks to our trustees Neil Piper, Acky Khan and Paula Mackenzie, who all took the decision to step down from their positions during 2022. Neil, Acky and Paula brought huge passion and enthusiasm to the board, and they will be sorely missed.

We commenced 2022 with a recruitment campaign to fill some of the competency gaps on the board, both internal (KFC) trustees and external trustees. We are thrilled to welcome Mike Williams; Director of Finance at KFC, Daniel Mark Carr; Head of Marketing at Cignpost, Clara Widdison; Mission Manager at Nesta, and Jonathan Davies; Director of Operations, Finance and Human Resources at Heartstyles.

As ever, the thanks of all of the trustees goes to our amazing Foundation Manager, Louise Norris. Louise works incredibly hard to ensure that the Foundation continues to deliver for its beneficiaries and her drive has meant that we have fantastic working relationships with our partner charities, and we make a difference to the lives of so many young people. Similarly, our Foundation Administrator, Thalia Beaty, who supports Louise in delivering on the charity's objectives has transformed how we manage our grant making system, helping us strive every day to be a more inclusive grant maker. Several other members of the KFC team help in the administration of the Foundation, and we thank them all for all that they do for us.

Thank you to everyone who has been involved with the KFC Foundation in 2022; we have been inspired by the work of our teams, communities, and partner organisations and are excited to be entering a new phase for the Foundation bringing new experience to the board and venturing into delivery services.

DocuSigned by:


James Fletcher

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Chair of Trustees

KFC FOUNDATION

Trustees' Report

Period from 27 December 2021 to 25 December 2022

Trustees' Report

The Trustees present their Annual Report and Accounts for the period ended 25th December 2022. In preparing this report and accounts the Trustees have complied with the Charities Act 2011, the Foundation's Constitution and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The KFC Foundation is registered with the Charity Commission in England and Wales (number 1163560) and the OSCR in Scotland (number SC046098). Legal and other information relating to the Foundation set out above lists the Trustees and principal advisors of the Foundation and forms part of this report.

Structure, Governance & Management

Organisational Structure

The Foundation is constituted as a Charitable Incorporated Organisation and, therefore is governed by a Constitution and has no share capital.

Governance

All Trustees named on page 3 served through the period unless otherwise stated. The Trustees have been chosen for their commercial, community, lived experience and charitable expertise, as well as their commitment to the aims and philosophy of the Foundation.

The Foundation is organised so that the Trustees meet quarterly to manage the Foundation's affairs. Trustees and new Trustees are aware of their duties to further the purposes of the Foundation, to ensure that the Foundation carries out its purposes for the public benefit and to act in the best interests of the Foundation by ensuring that resources are responsibly managed. The Trustees are senior leaders in Kentucky Fried Chicken (Great Britain) Limited ("KFC"), from the Franchisee community and externals with charitable experience and thus have the appropriate skills and diligence to be acting as Trustees of the Foundation.

New Trustees are appointed for a term of three years and, in accordance with the Foundation's Constitution, are provided with a copy of the current version of the Constitution and a copy of the Foundation's latest Trustees' Annual Report and statement of accounts upon appointment, as well as a copy of the Charity Commission's "Essential Trustee" guidance and offered the opportunity to complete a Trustee training course.

Management

The key management of the Foundation comprise the Trustees and 2 employees of KFC whose salaries are recharged to the Foundation in charge of directing and controlling, running and operating the charity. All key management personnel are contracted to KFC and as such follow the remuneration policy in place for the company. Given that there is a cross-charge for key management personnel time, any significant increase would be pre-agreed with the Foundation trustees.

The day-to-day operation of the Foundation is carried out primarily by Louise Norris and Thalia Beaty whose salaries are recharged to the Foundation. Since 2022 only 55% of Louise's salary costs are cross charged to the Foundation as a result of her managing projects for the KFC brand in addition to managing the Foundation. In 2022, Hannah Simmons was principally responsible for administering the Foundation's bank account, overseeing the payment of grants from Foundation funds and oversight of franchise debtors. Hannah is an employee of KFC and in accordance with our service agreement with the KFC brand, gifts her time and expertise to the Foundation

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Trustees' Report

Period from 27 December 2021 to 25 December 2022

(and are therefore not remunerated from Foundation funds), as such Hannah, spends approximately 1 day a week on Foundation business in addition to her role for the Brand and Julian Thomas (our Gift Aid Secretary) spent 12 hours during the period of this report.

Other employees of KFC also provide their time and expertise to the Foundation where necessary, in accordance with our service agreement, for example for social media, marketing and digital technology.

Since joining the Foundation in late 2021 Thalia has managed the grant making process including our partnerships with grantees and communications for the Foundation, Louise's role as Foundation Manager has shifted more significantly to the strategic direction of the Foundation and other aspects of running the Foundation including regulation and compliance.

Objectives & Activities

The principal objects for which the Foundation was established are such charitable purposes for the public benefit as are exclusively charitable according to the laws of England and Wales as the Trustees may from time to time determine with a particular emphasis on advancing in life and relieving the needs of young people.

A summary of the activities that the Foundation has carried out in pursuance of its principal objectives can be found below.

Mission & Vision

The KFC Foundation vision is to create a world in which every young person is empowered to challenge the barriers to aspiration and fulfil their potential to become leaders of the future. And our mission is to empower young people in the UK to fulfil their potential and build a positive future by providing spaces that allow young people to feel safe and secure, helping them to unlock talent, build life skills, provide mentoring and improve their chances to gain meaningful employment. Both have been inspired by the founder of KFC, Colonel Sanders.

The KFC Foundation makes small grants to support organisations in the heart of the community who provide spaces that allow young people to feel safe and secure, helping them to unlock talent, build life skills, provide mentoring and improve their chances to gain meaningful employment. This aligns strongly with the KFC business values, expertise and team member and guest demographics.

The projects that the Foundation makes grants to support work, in many cases, with the most vulnerable young people in their community. They share our passion for empowering young people to help them reach their full potential. Through its community grant programme the Foundation was able to support numerous projects and young people in 2022.

Achievements & Performance

How you gave your support in 2022

Our total net income in 2021-2022 was: £1,466,437.

This was made up of:

Countertop donation boxes: £105,645

Product donations: £1,015,508

Kiosk donations: £254,368

Ad hoc donations: £90,916

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How we used the money you gave in 2022

The Foundation made grants to the following charities in the amounts set out below (expressed as a percentage of the total sum raised during 2021-22):

Charity Name and Charity Number	2021 – 2022		2020 - 2021	
	Amount Donated	Percentage	Amount Donated	Percentage
Kids Inspire – Essex (1129513)	-	-	£10,000	0.8%
Childhood Trust (1154032)	-	-	£10,000	0.8%
Focus Charity (1068467)	-	-	£10,000	0.8%
Mentoring Plus (1112534)	-	-	£10,000	0.8%
London Youth Support (1086850)	-	-	£10,000	0.8%
Young Lives Foundation (1119528)	-	-	£10,000	0.8%
Boys & Girls Club (1009142)	-	-	£10,000	0.8%
Positive Futures (1145598)	-	-	£10,000	0.8%
Young People First (1056035)	-	-	£10,000	0.8%
GMYN (1151897)	-	-	£10,000	0.8%
Action4Youth (1033626)	-	-	£10,000	0.8%
Workingrite CIC (SC042604)	-	-	£10,000	0.8%
Youth Association (519883)	-	-	£10,000	0.8%
Keyfund Federation (1093569)	-	-	£10,000	0.8%
Include Youth (103383)	-	-	£10,000	0.8%
Other Grants £2,000 and under*	£194,753	14.2%	£106,234	8.6%
Comic Relief (3265658 & SCO39730)	£1,181,470	85.8%	£985,415	79.4%

* two grant recipients (London Basketball and Harmony Youth Project) received two grant payments, putting them over £2,000 in total.

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What we did in 2022

Trustee Recruitment

In 2022 we successfully recruited a new cohort of Trustees to the Board. We welcomed our internal KFC Trustee Mike Williams as well as external Trustees Daniel Mark Carr, Jonathan Davies, and Clara Widdison. We are proud to have such a talented and passionate team of Trustees with an array of experience and insights to help shape the future of the Foundation.

Community Grant Making

We are exceedingly proud of our Community Grant Making Programme, not only for the impact that it is having on the young beneficiaries of the organisations that we support but also of our ability to remain agile in our approach to continually evolve and improve our processes for our applicants and to ensure the voices of our beneficiaries are represented in deciding how grants are spent.

“Not being able to save (the application) is frustrating and sending documents separately” – Anonymous feedback

In 2022, we implemented a new grant management system, through SMAppl. The transition to a grant management system has made the process less admin heavy for the Foundation team and has significantly improved the user experience for our grant applicants with functionality such as application save and return.

We continue to take on board feedback from our grantees to improve the process, which this year has included providing £20 supermarket vouchers to organisations supporting the shortlisting with their young people and reducing the frequency with which we required feedback from grantees from quarterly to biannual, to support the resources of our grantees.

“I have absolutely loved being involved with the KFC foundation. This grant has not just been about money, we've been offered social media support, workshops and involvement in the process of future grants. Which is just amazing! It's a really well together grant and we thank you for choosing our cause and believing in our work. You've helped us make a HUGE difference.” – All Ears MHA

We are extremely proud of the impact that the Foundation is making across the UK with its partner organisations.

In the previous 12 months the Foundation has supported:

- Young people aged 11-25 years old
- Those in a position of economic disadvantage
- Organisations which empower young people to fulfil their potential and build a positive future
- Organisations with an annual income of no more than £300,000, operating in the heart of our communities

772 Grant Applications Received

160 Applications progressed to Stage 2

85 Grants Paid

£194,753 paid out

After18 was founded in response to the number of unaccompanied children in Leicester who were asking for support when they turned 18. Children and young people have been travelling to the UK, without their family, fleeing war and persecution in their home country. They have around 180 young people using their services each year. They used their £2000 grant from the KFC Foundation for the operation of their weekly education drop-in for the next year. The drop-in is for young refugees and asylum-seekers up to the age of 25 living in Leicester. It provides English classes for new arrivals, beginner IT classes and homework support in English, maths and

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science. Experienced volunteers with a teaching background provide tuition. Students also receive one-to-one support to resolve issues which might hamper their ability to maintain their educational place, like homelessness or complex funding rules. To improve opportunities for those wanting to go on to higher education, they provide access to additional qualifications, including home language and maths GCSEs, with dedicated exam tutoring. They also provide guidance on planning a route to achieve their educational or employment goal, which includes finding funding for study or living costs. The drop-in enables improved access to educational and employment opportunities for over 50 young people.

We are really pleased to have continued our partnership with After18 as they lend us their expertise on our decision making panel for our Community Grants Programme.

“Our staff and young people involved in the application assessment panel earlier this year found it a really valuable and interesting exercise. It also sparked some internal discussions for us on our participation strategy and how we can include young people in more aspects of our organisation, and give them more opportunities to learn about the way we work and the charity sector in general. We would be interested in taking part in similar opportunities in the future and think this is quite a valuable way of giving young people greater agency and input into the way youth charities operate.”

KFC Foundation Grant Making Policy

The purpose of the Foundation's grant making policy is to set out the principles, criteria and processes that govern how the KFC Foundation makes grants. A grant is defined as a financial award made by the Foundation from its funds to support charitable activities, usually registered charities or charitable community groups, but sometimes other bodies or individuals authorised by the Board of Trustees.

Comic Relief Partnership

We continued into our final year of partnership with Comic Relief that commenced in 2019.

In 2022 we ran a Red Nose Day campaign which spanned across a variety of platforms; radio, restaurant assets, merchandise and social media. The campaign followed on from our 2021 “This KFC Tastes Funny” with “Chicken with a Side of Funny” and “Bucket Full of Laughs”. We were pleased to announce £1.1m on the Night of Television in March.

In March 2022 some of our fabulous restaurant teams in Glasgow continued their tradition of fundraising challenges, raising over £10k with 9 restaurant teams bagging 9 Scottish Hills.

Fundraising

We ran our now annual raffle at the KFC Restaurant Support Centre to raffle gifts received by employees from suppliers that exceed the gifts policy, raising £945.00. KFC's annual Restaurant Manager Fest went ahead in 2022 and we ran a raffle raising £2,765, we held a raffle and auction at the annual Supplier's Conference raising £21,808 and a raffle at the Franchise Awards in November raising £2,942.

2022 is the first year in the last 3 that our restaurants have been open without any impact of Covid measures, so in terms of our in restaurant fundraising mechanics we saw an 11% increase in charity box donations and more growth in kiosk donations year on year (12% increase v. prior year). Due to a challenging trading environment however we saw product contributions from Sharing Buckets decline by 1.2%.

During 2022 we also began a trial of contactless donation with Liberty Pay, putting terminals in 5 restaurants, the trial concludes in early 2023 but early results suggest that this might not be the solution for us moving forward. We also continue to work with the Brands Digital Team to apply a donation mechanic to their web and app ordering systems.

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Wingin' It Workshops

In September, we ran our very first Wingin' It Workshop, bringing together leaders in the third sector for a full day of building knowhow, sharing best practice and creating networks.

"This is a great idea. I won't be able to make this one but just wanted to let you know that once again, I think you are ahead of the field in how to partner with the organisation you support"

Initially, the workshops were going to take place in person at the KFC Foundation's head office in Woking. Ultimately, due to the death of Her Majesty, Queen Elizabeth II and train strikes, we decided to move our workshops online. There was a positive response to moving the workshops online as our partner organisations are based all around the UK and this made it more accessible to them.

"Due to costs and time constraints the online training meant that we had an opportunity to attend, provided flexibility to choose what workshops were most suited." – Anon

"Whilst it was a shame not to be there in person, I think the sessions still worked really well and it saved non-London based organisations a lot of time and money and meant that different members of the team could attend different sessions." – Anon

"Such a lovely surprise!! We're delighted to have received the goody bag – it's a really nice touch which is much appreciated." – Anon

We had several workshops throughout the day including bid writing, finance and budgeting, earned and digital media, impact and influence and the neuroscience behind our behaviours.

"Thank you to all, it was a really great event and it was really useful."

Public Benefit

The Trustees confirm that they have referred to the guidance set out in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives. The benefits are clearly set out in the Achievements & Performance section above.

The Trustees review the Foundation's activities against its aims and objectives on an ongoing basis and are satisfied that all activities continue to be related to the Foundation's purpose. The beneficiaries are vulnerable young people, primarily from deprived backgrounds who are at risk of dropping out of education, becoming involved in gangs, lack a stable role model, are struggling to find employment and are likely to continue the cycle of poverty. The charities we make grants to seek to mitigate against these by providing safe spaces, mentoring, counselling, training and education.

Financial Review

Statement of Financial Activities

The Foundation is operated on a cash basis. The Foundation pays grants to its charity partners once it has received sufficient sums into its bank account, thus ensuring that the Foundation does not go into deficit.

The principal funding sources during the financial period were as follows:

- Countertop donation boxes (7%)
- Product contribution (69%)
- Kiosk donations (17%)
- Ad hoc donations (6%)

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Period from 27 December 2021 to 25 December 2022

Assets

The only assets that the Foundation holds are cash and cash equivalents (including receivables), there are no funds held as a custodian trustee on behalf of any others.

Investments

The Foundation does not hold any investments and only keeps money in its NatWest bank account.

Reserves

The Foundation's reserves are continually reviewed considering latest forecasts to ensure the Foundation can cover costs, committed grants and donations. The statement of financial position shows total funds of £853,830 (2021 - £898,313) of which £676,262 are unrestricted funds (2021 - £566,893). We consider our free reserves to consist of our unrestricted funds. £177,568 are restricted and are not available for the general purposes of the charity (2021 - £331,420).

The free reserves held at year end have increased due to the Comic Relief partnership coming to an end and product contributions being switched over to the Foundation from November 2022. The Trustees are considering the future direction of the Foundation and have built reserves to allow potential capital investment in 2023 onwards, whilst continuing to support our charity partners via the current grants program.

Plans for the Future

While our partnership with Comic Relief is coming to an end, the Foundation found itself in a position to consider what it's long term strategic plans might be given our increased unreserved income. We have loved our partnership with Comic Relief and we remain dedicated to our community grants programme, however grant making can be perceived as being somewhat old fashioned, despite the significant efforts we go to make it as modern as possible. The Foundation Team and Trustees were keen to have something more exciting and opportunity to tell our own stories than do it through others, by moving from being solely a financial partner to becoming a delivery partner.

After much research, talking to our existing youth network, working closely with Trustees we have concluded that we want to create KFC Foundation youth hubs; amazing spaces and awesome youth workers that allow young people who most need it, to feel safe and secure. Looking to 2023 and our first step on this journey we have two significant plans for the summer. The first is to launch a food education and food aid programme over the Summer in partnership with other youth organisations in Middlesbrough and the second is a rebrand and change of name to the KFC Youth Foundation which we believe will offer great clarity to our stakeholders as to our purpose as a charity.

Risk Management

The Trustees have considered the major governance, operation, financial, external and compliance risks which the Foundation faces, and we have processes in place to ensure that those risk are regularly reviewed and mitigating steps taken as necessary. The risks that would have the highest impact to the operation of the Foundation are a decrease in income (either as a result of having one principle funder or from the pressure of high street sales), the reputational risk created by KFC UK&I's franchise model and our inability to separate funds and the conflict of interest of the KFC UK&I leadership team sitting on the Board of Trustees. We are, mitigating a decrease in income by exploring other fundraising avenues which are less reliant on a donor's physical presence in KFC restaurants, we are closely monitoring and forecasting income levels and adapting our expenditure in accordance and we are maintaining close communication with all partners (partner organisations and franchisees) to manage expectations about commitments. In terms of separation of funds this is something we monitor very

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Trustees' Report

Period from 27 December 2021 to 25 December 2022

closely; we are able to track and report on donations made in every restaurant and we have strict deadlines in place for recovering funds and processes in place to ensure the timely payment of Foundation invoices.

Fundraising Policy

The Foundation's approach to fundraising is to predominantly use the relationship with KFC UK&I, its employees and guests to raise funds through the sale of products or fundraising activities. We do not carry out street fundraising, nor do we undertake fundraising mail shots or telephone canvassing. We work with KFC UK&I to ensure that any fundraising complies with best practice. Fundraising is monitored by the Trustees of the Foundation and we also monitor any fundraising complaints (none were received during the year 2021/22) and we always seek to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches or undue pressure to donate. The Foundation is not bound by any voluntary scheme for regulating fund-raising, or any voluntary standard of fund-raising.

Product contributions are charged to KFC and its franchisees for all sharing buckets sold. All franchisees operate under a franchise agreement with KFC and are required to sell core menu items in their restaurants. It has been agreed between KFC and the franchisees that a donation is given to the Foundation of 5p for every sharing bucket sold. Under the terms of the franchise agreement, KFC has certain rights if debts are due to either KFC or other suppliers/partners.

The Foundation has direct access to the reporting systems of KFC, which provide the data for sharing bucket sales, customer kiosk donations and the amounts banked from countertop donation boxes. The countertop donations are monitored by the Foundation to make sure that all restaurants are banking their donations from customers, and KFC and its franchisees are chased up regularly to ensure this is happening.

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Period from 27 December 2021 to 25 December 2022

Statement of trustees' responsibilities

The trustees are responsible for preparing the trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial period which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing the accounts the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the accounts comply with the Charities Act 2011, applicable charity (Accounts and Reports) Regulations, and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditor

So far as each Trustee is aware:

- there is no relevant audit information of which the Foundation's auditor is unaware; and
- the Trustees 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.

Approval

25-Jul-23

This report was approved by the Trustees on and signed on its behalf.

DocuSigned by:

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Chair of Trustees

For further information contact:
 KFC FOUNDATION
 Orion Gate, Guildford Road, Woking, GU22

KFC FOUNDATION

Independent auditor's report to the members of KFC Foundation

Period from 27 December 2021 to 25 December 2022

Opinion

We have audited the financial statements of KFC Foundation (the 'charity') for the period ended 25 December 2022 which comprise the statement of financial activities, the statement of financial position, the statement of cash flows and the notes to the financial statements, including the accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charity's affairs as at 25 December 2022 and of its income and expenditure for the period 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 Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Financial statements (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

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Independent auditor's report to the members of KFC Foundation

Period from 27 December 2021 to 25 December 2022

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 and the Charities Financial statements (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- ◆ the information given in the Trustees' annual report is inconsistent in any material respect with the financial statements; or
- ◆ sufficient and proper accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees 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 Trustees are responsible for assessing the charity'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 Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

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

KFC FOUNDATION

Independent auditor's report to the members of KFC Foundation

Period from 27 December 2021 to 25 December 2022

In identifying and assessing the risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations, our procedures included the following:

- ◆ We obtained an understanding of the legal and regulatory frameworks applicable to the charity. We determined that the following laws and regulations were most significant: Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Financial statements (Scotland) Regulations 2006 (as amended).
- ◆ We understood how the charity is complying with these legal and regulatory frameworks by making enquiries to Trustees and those responsible for legal and compliance procedures. Through our enquiries we corroborated these views by our review of Trustees' minutes.
- ◆ We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit team included:
 - Enquiries with management, whether they have any knowledge of any actual, suspected or alleged fraud;
 - Challenging assumptions and judgements made by Trustees and management in their significant accounting estimates.
 - Identifying and testing journal entries.
 - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures.

As a result of our procedures we did not identify any key audit matters relating to irregularities.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

KFC FOUNDATION

Independent auditor's report to the members of KFC Foundation

Period from 27 December 2021 to 25 December 2022

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act and in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Financial statements (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

05 September 2023

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

KFC FOUNDATION**Statement of Financial Activities****Period from 27 December 2021 to 25 December 2022**

		Period from 27 Dec 2021 to 25 Dec 2022 £			Period from 28 Dec 2020 to 26 Dec 2021 £		
	Notes	Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds
Income from Donations							
Counter Top Takings	3	105,645	-	105,645	99,085	95,372	95,372
Product Contribution	3	93,635	921,873	1,015,508	-	1,028,106	1,028,106
Kiosk Donations	3	184,042	70,326	254,368	216,129	11,293	227,422
Other Donations	3	55,497	35,419	90,916	111,247	1,064	112,311
Total Income		438,819	1,027,618	1,466,437	422,748	1,040,463	1,463,211
Expenditure on Charitable Activities							
Donations to Charity		(194,753)	(1,181,470)	(1,376,223)	(256,234)	(985,415)	(1,241,649)
Support costs	4	(134,697)	-	(134,697)	(82,601)	-	(82,601)
Total Expenditure		(329,450)	(1,181,470)	(1,510,920)	(338,835)	(985,415)	(1,324,250)
Net Movement in Funds		109,369	(153,852)	(44,483)	83,913	55,048	138,961
Reconciliation of Funds:							
Fund balances at 27 December 2021		566,893	331,420	898,313	482,980	276,372	759,352
Fund balances at 25 December 2022		676,262	177,568	853,830	566,893	331,420	898,313

There were no recognised gains or losses in the current or preceding periods other than those disclosed in the statement of financial activities.

The notes on pages 20-27 form part of these financial statements.

KFC FOUNDATION

Statement of Financial Position

At 25 December 2022

	Notes	25 Dec 2022 £	26 Dec 2021 £
Current Assets			
Cash at bank and in hand		731,718	615,994
Debtors	6	<u>186,216</u>	<u>305,715</u>
		917,934	921,709
Liabilities			
Creditors falling due within one year	7	<u>(64,103)</u>	<u>(23,396)</u>
Net Assets		<u>853,830</u>	<u>898,313</u>
Funds:			
Restricted Funds	8	177,568	331,420
Unrestricted General Fund	8	<u>676,262</u>	<u>566,893</u>
		<u>853,830</u>	<u>898,313</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 25-Jul-23
and signed on its behalf:

DocuSigned by:
James Fletcher
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The notes on pages 20-27 form part of these financial statements.

KFC FOUNDATION

Statement of Cash Flows

Period from 27 December 2021 to 25 December 2022

		Period from 27 Dec 2021 to 25 Dec 2022	Period from 28 Dec 2020 to 26 Dec 2021
	Notes	£	£
Net cash provided by (used in) operating activities	9	115,724	(68,951)
Change in cash and cash equivalents in the period		<u>115,724</u>	<u>(68,951)</u>
Cash at start of the period		615,994	684,944
Cash at end of the period		<u>731,718</u>	<u>615,994</u>

No separate reconciliation of net debt has been prepared as there is no difference between the net cash (debt) of the Foundation and the above cash and cash equivalents.

The notes on pages 20-27 The following accounting policies form part of these financial statements.

KFC FOUNDATION

Notes to the Financial Statements

Period from 27 December 2021 to 25 December 2022

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements:

Basis of preparation of financial statements

KFC Foundation is a Charitable Incorporated Organisation registered with the Charity Commission in England and Wales (number 1163560) and with OSCR in Scotland (number SC046098). These financial statements have been prepared for the period from 27 December 2021 to 25 December 2022 with comparative information given in respect to the period from 28 December 2020 to 26 December 2021.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared under the historical cost convention.

The KFC Foundation is a public benefit entity.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Other than the assessment of going concern below, the preparation of the financial statements did not require the Trustees to make any significant judgements or estimates.

Fund accounting

Restricted funds are those to be used in accordance with specific instructions imposed by donors or have been raised by the charity for specific purposes.

Income recognition

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with Charities SORP (FRS 102), the general volunteer time of KFC GB staff is not recognised.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis.

Expenditure comprises grants payable as part of the Foundation's charitable activities, as well as administrative costs pertaining to the charity and its grant-making. Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions.

KFC FOUNDATION

Notes to the Financial Statements

Period from 27 December 2021 to 25 December 2022

1. Accounting Policies (continued)

Expenditure recognition (continued)

Grants approved but not paid at the end of the financial period are accrued for. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is released are not accrued for but are noted as financial commitments in the notes to the financial statements. All grants are made to institutions and the names of the charities that received grants during the year are detailed in the Trustees' report.

Governance costs comprise the costs involving the public accountability of the charity and costs in respect to its compliance with regulation and good practice (including audit costs, bank charges and consultant fees).

Cash at bank and in hand

Cash at bank and in hand includes cash in hand and cash held in the bank current account.

Debtors

Debtors are recognised at the settlement amount, less any provision for non-recoverability.

Creditors

Creditors are recognised when the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and amount due to settle the obligation can be measured or estimated reliably.

Financial instruments

The KFC Foundation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Going concern

The Trustees have reviewed the financial position of the Foundation and concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to prepare these financial statements on a going concern basis. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

2 Related party transactions and Trustees' expenses and remuneration

The Trustees consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charity.

The Trustees all give freely of their time and expertise without any form of remuneration or other benefit in cash or kind. During the year, there were expenses of £236.09 reimbursed to 3 trustees (2021: £nil) and these were in relation to travel for trustee meetings (plus membership to the Association of Chairs for James Fletcher).

During the year the Foundation received £5,535 (2021: £3,851) and had debtors outstanding at year end of £752 (2021: £281) for The Woosaa Chicken Co Ltd which is owned by one of the KFC Foundation Trustees. This represents revenue from Product Contributions, Counter Top Donations and Kiosk Donations.

In the period up to 15th May 2022, the Foundation received £32,022 (2021 full year: £60,026) from Gastronomy Foods UK Ltd and Gastronomy Restaurants Ltd for which one of the trustees is the ultimate controlling party. On 16th May 2022 the Trustee resigned from the Foundation. There are no other related party transactions that require disclosure in the financial statements (2021: none).

KFC FOUNDATION**Notes to the Financial Statements****Period from 27 December 2021 to 25 December 2022****3 Income**

Income has been split into donations by KFC GB Limited ('KFC') and its franchises as follows

			27 Dec 2021 to 25 Dec 2022 Total £
	Unrestricted £	Restricted £	
KFC - product contribution	7,425	71,920	79,345
Franchisees of KFC - product contribution	86,210	849,953	936,163
KFC counter top donations	9,548	-	9,548
Franchisees of KFC - counter top donations	96,097	-	96,097
KFC - kiosk donations	9,993	8,931	18,924
Franchisees of KFC— kiosk donations	174,049	61,395	235,444
Other donations	54,813	35,419	90,232
Pennies for change	684	-	684
	438,819	1,027,618	1,466,437

			28 Dec 2020 to 26 Dec 2021 Total £
	Unrestricted £	Restricted £	
<i>KFC - product contribution</i>	-	68,746	68,746
<i>Franchisees of KFC - product contribution</i>	-	959,360	959,360
<i>KFC counter top donations</i>	7,779	-	7,779
<i>Franchisees of KFC - counter top donations</i>	87,593	-	87,593
<i>KFC - kiosk donations</i>	13,641	530	14,171
<i>Franchisees of KFC— kiosk donations</i>	202,488	10,763	213,251
<i>Other donations</i>	110,877	1,064	111,941
<i>Pennies for change</i>	370	-	370
	422,748	1,040,463	1,463,211

The restricted other donations above include £20,910 (2021: £nil) in relation to merchandising royalties. These royalties were collected from KFC on behalf of Comic Relief.

KFC FOUNDATION**Notes to the Financial Statements****Period from 27 December 2021 to 25 December 2022****4 Support costs**

		27 Dec 2021 to 25 Dec 2022	28 Dec 2020 to 26 Dec 2021
	Unrestricted	Total	Total
	£	£	£
Bank charges	679	679	913
Consultant fees	1,191	1,191	420
Audit fees	9,900	9,900	10,310
Staff costs	74,893	74,893	57,240
Other Expenses	48,034	48,034	13,718
Total support costs	134,697	134,697	82,601

All support costs related to unrestricted funds in the above periods. Included in support costs are the following governance costs.

		27 Dec 2021 to 25 Dec 2022	28 Dec 2020 to 26 Dec 2021
	Unrestricted	Total	Total
	£	£	£
Consultant fees	1,191	1,191	420
Audit fees	9,900	9,900	10,310
Total governance costs	11,091	11,091	10,730

KFC FOUNDATION

Notes to the Financial Statements

Period from 27 December 2021 to 25 December 2022

5 Salaries & Wages Disclosures

(a) **Staff costs**

Staff costs during the period were:

	27 Dec 2021 to 25 Dec 2022 £	28 Dec 2020 to 26 Dec 2021 £
Wages and salaries	63,923	46,857
Social security costs	6,004	4,387
Pension costs	4,966	5,996
	74,893	57,240

All staff costs were cross charged from Kentucky Fried Chicken (Great Britain) Limited.

(b) **Staff numbers**

The average number of persons (including the senior management team) employed during the period ended 25 December 2022 was 2 (2021 - 1). In 2022, Louise Norris' time spent on the Foundation was reduced to 55% and her salary cost recharged from KFC was reduced accordingly.

(c) **Higher paid staff**

No employees earned over £60,000 in the period (2021 - none).

(d) **Key management personnel**

The key management personnel of the Foundation comprise of the Trustees and a KFC employee whose salary is recharged to the foundation. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Foundation was £36,004 (2021 - £55,740).

6 Debtors

	25 Dec 2022 £	26 Dec 2021 £
Amounts due from:		
• KFC GB Ltd	20,012	13,787
• Franchises of KFC GB Ltd	166,204	291,928
	186,216	305,715

7 Creditors

	25 Dec 2022 £	26 Dec 2021 £
Audit fees accrual	10,000	10,000
Irish Revenue Tax Liability	3,000	-
Amounts due to KFC GB Ltd	51,103	13,396
	64,103	23,396

KFC FOUNDATION**Notes to the Financial Statements****Period from 27 December 2021 to 25 December 2022****8 Analysis of net assets between funds**

	Unrestricted General fund £	Restricted funds £	Total funds 25 Dec 2022 £	Unrestricted General fund £	Restricted funds £	Total funds 26 Dec 2021 £
Fund balances at the period end are represented by:						
Current assets	740,365	177,568	917,933	590,289	331,420	921,709
Current liabilities	(64,103)	-	(64,103)	(23,396)	-	(23,396)
Total net assets	676,262	177,568	853,830	566,893	331,420	898,313

The restricted funds in 2022 & 2021 relate to income received from product contributions which will be given as donations to Comic Relief.

9 Net cash provided by (used in) operating activities

	27 Dec 2021 to 25 Dec 2022 £	28 Dec 2020 to 26 Dec 2021 £
Net movement in funds	(44,483)	138,960
(Increase) decrease in debtors	119,499	(205,011)
(Decrease) increase in creditors	40,708	(2,900)
Increase (decrease) in cash in the period	115,724	(68,951)