

COMPANY REGISTRATION NUMBER: 01178568

KFC Advertising Limited

Directors' Report and Financial Statements

Period ended 27 December 2020



KFC Advertising Limited
Directors' Report and Financial Statements
Period from 30 December 2019 to 27 December 2020

Contents

Officers and Professional Advisers	1
Directors' Report	2
Statement of Directors' Responsibilities	4
Independent Auditor's Report to the Members of KFC Advertising Limited	5
Statement of Income and Retained Earnings	8
Statement of Financial Position	9
Notes to the Financial Statements	10

KFC Advertising Limited
Officers and Professional Advisers

The Board of Directors

PJ MacKenzie
B Scheiner (resigned 18 August 2020)
A Purnell (resigned 9 March 2020)
M Farren (resigned 31 August 2021)
CA Drew
A Janmohamed
A Khan
J Hinchliffe (appointed 29 September 2021)

Company secretary

M Williams

Registered office

Orion Gate
Guildford Road
Woking
Surrey
GU22 7NJ

Auditor

KPMG LLP
Chartered Accountants & Statutory Auditor
15 Canada Square
London
E14 5GL

Banker

Royal Bank of Scotland
13 Market Place
Reading
Berkshire
RG1 2EP

KFC Advertising Limited

Directors' Report

Period from 30 December 2019 to 27 December 2020

The directors present their report and the financial statements for the period from 30 December 2019 to 27 December 2020.

Principal Activity

The principal activity of the company during the period was that of a co-operative marketing fund for the UK and Ireland KFC stores. The revenue of the company is derived from contributions made by these stores.

The company has an accounting reference date of 27 December and makes up its accounts to the Sunday nearest to that date, therefore it has a 52 or 53 week accounting period. In the period to 27 December 2020, the accounting period was 52 weeks (prior period was 53 weeks).

PRINCIPAL RISKS

Market Risk

As a co-operative marketing fund for the UK and Ireland KFC stores, the Quick Service Restaurant industry remains a strongly competitive environment within a difficult economic climate. Within the group we continue to invest in new restaurants and advertising and are continuously looking at new and innovative design and trade concepts.

Liquidity Risk

The Company is a subsidiary of a much larger group and any potential funding requirements, if required, would be sourced from within the group. As a result, minimal risk is associated with this area.

Other Risks

During 2020, the COVID-19 pandemic has resulted in significant and on-going disruption to the economy. The company is reliant on the financial contributions made by the UK and Ireland KFC stores and therefore the principal risk is that COVID-19 would impact on the company receiving these contributions. The Directors have considered the impacts of the pandemic and have concluded that this will not significantly effect the contributions paid to the company and will not impact on the company's ability to meet its liabilities as they fall due for the foreseeable future.

On 31 January 2020, the United Kingdom left the European Union. The Directors do not consider the exit and subsequent agreement to have a significant impact on the company.

Results and dividends

The profit for the period amounted to £1,544,580 and the Company was in a net asset position of £1,670,822. The directors have not recommended a dividend.

The profit for the prior period amounted to £165,908 when the Company was in a net asset position of £126,242.

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate. The directors have prepared cash requirements forecast for at least 12 months from the date of signing of these accounts which indicate that the company will have sufficient funds, through funding from its parent Kentucky Fried Chicken (Great Britain) Limited, to meet its liabilities as they fall due for that period. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

KFC Advertising Limited
Directors' Report (Continued)
Period from 30 December 2019 to 27 December 2020

Directors

The directors who served the company during the period and after period end were as follows:

PJ MacKenzie
B Scheiner (resigned 18 August 2020)
A Purnell (resigned 9 March 2020)
M Farren (resigned 31 August 2021)
CA Drew
A Janmohamed
A Khan
J Hinchliffe (appointed 29 September 2021)


Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditor

The Company has passed elective resolutions whereby it has dispensed with the requirements to hold an annual general meeting in each year, to lay the accounts in general meeting and to reappoint the auditor on an annual basis. The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 30 November 2021 and signed on its behalf by:

DocuSigned by:

.....16Q1088513FD478.....
CA Drew
Director

Registered office:
Orion Gate
Guildford Road
Woking, Surrey
GU227NJ

KFC Advertising Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

Period from 30 December 2019 to 27 December 2020

The directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of KFC Advertising Limited

Period from 30 December 2019 to 27 December 2020

Opinion

We have audited the financial statements of KFC Advertising Limited ("the company") for the period 27 December 2020 which comprise the statement of income and retained earnings, the statement of financial position and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 27 December 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the minimal estimation and complexity of the revenue streams applicable to the entity.

Independent Auditor's Report to the Member of KFC Advertising Limited

Period from 30 December 2019 to 27 December 2020 (Continued)

We did not identify any additional fraud risks.

We performed procedures including:

Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted with a credit to revenue against an unexpected account pairing.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Member of KFC Advertising Limited

Period from 30 December 2019 to 27 December 2020 (Continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

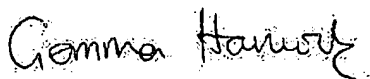
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Gemma Hancock (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 1 December 2021

KFC Advertising Limited
Statement of Income and Retained Earnings
Period from 30 December 2019 to 27 December 2020

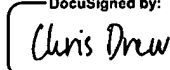
	Note	Period from 30 Dec 19 to 27 Dec 20 £	Period from 24 Dec 18 to 29 Dec 19 £
Turnover		63,492,182	61,694,139
Cost of sales		<u>(51,123,703)</u>	<u>(50,997,934)</u>
Gross profit		12,368,479	10,696,205
Administrative expenses		<u>(10,795,308)</u>	<u>(10,567,270)</u>
Operating profit	5	1,573,171	128,935
Other interest receivable	7	2,862	9,343
Other income	8	<u>268,361</u>	<u>-</u>
Profit before taxation		1,844,394	138,278
Tax on profit	11	<u>(299,815)</u>	<u>27,630</u>
Profit after taxation		1,544,580	165,908
Total comprehensive profit for the period		<u>1,544,580</u>	<u>165,908</u>
 Retained earnings at the start of the period		 <u>126,240</u>	 <u>(39,668)</u>
Retained earnings at the end of the period		<u>1,670,820</u>	<u>126,240</u>

The notes on pages 10 to 17 form an integral part of these financial statements

KFC Advertising Limited
Statement of Financial Position
27 December 2020

	Note	27 Dec 20 £	29 Dec 19 £
Fixed assets			
Intangible assets	12	1,618,651	4,730,055
Current assets			
Debtors (including £105,296 (2019: £nil) due after more than one year)	13	13,792,490	9,831,026
Cash at bank and in hand		1,406,438	5,281,039
		<u>15,198,928</u>	<u>15,112,065</u>
Creditors: Amounts falling due within one year	14	<u>(15,146,757)</u>	<u>(19,715,878)</u>
Net current assets/ (liabilities)		<u>52,171</u>	<u>(4,603,813)</u>
Net assets		<u>1,670,822</u>	<u>126,242</u>
Capital and reserves			
Called up share capital	16	2	2
Profit and loss account	16	1,670,820	126,240
Member funds		<u>1,670,822</u>	<u>126,242</u>

These financial statements were approved by the Board and authorised for issue on 30 November 2021 and are signed on its behalf by:

DocuSigned by:

1401D98513FD479.....

CA Drew
 Director

Company registration number: 01178568

The notes on pages 10 to 17 form an integral part of these financial statements

KFC Advertising Limited
Notes to the Financial Statements
Period from 30 December 2019 to 27 December 2020

1 General information

The Company is a private company limited by shares, registered in England and Wales.

The address of its registered office is:

Orion Gate
Guildford Road
Woking
Surrey
GU22 7NJ

2 Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3 Accounting Policies

Basis of preparation

These financial statements have been prepared using the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The Company has an accounting reference date of 27 December and makes up its accounts to a Sunday near that date. The current period to 29 December 2019 has an accounting period of 53 weeks relative to prior year of 52 weeks.

Disclosure exemptions

The Company's ultimate parent undertaking, Yum! Brands, Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of Yum! Brands, Inc., are available to the public and may be obtained from the address as detailed in note 17. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Key Management Personnel compensation; and
- Related party transactions with entities which form part of the group.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash requirements forecast for at least 12 months from the date of signing of these accounts which indicate that, taking account of reasonably possible downsides, including the impact of the global crisis resulting from the spread of coronavirus (COVID-19), the company will have sufficient funds, through funding from its parent Kentucky Fried Chicken (Great Britain) Limited, to meet its liabilities as they fall due for that period.

In addition, the directors note that Kentucky Fried Chicken (Great Britain) Limited confirms that it intends to continue to provide further financial and other support to KFC Advertising Limited, including not requiring repayment of amounts that, if required to be repaid, would not allow KFC Advertising Limited to satisfy its

KFC Advertising Limited
Notes to the Financial Statements
Period from 30 December 2019 to 27 December 2020 (continued)

3 Accounting policies (continued)

Going concern

obligations and debt service requirements, for at least the next twelve months from the date of approval of the financial statements to enable it to meet its liabilities as they fall due.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Directors also recognise that, at the date of approving these financial statements, given the varying lockdown measures taking place in the UK and globally as a result of the current Coronavirus pandemic, the full impact of the outbreak is unknown at this time and is unpredictable. The Directors have considered the impacts of the pandemic on the parent company, Kentucky Fried Chicken (Great Britain) Limited as well as the support that it provides to the Company. The Directors have concluded that this will also not impact on the support provided to the Company in its ability to meet its liabilities as they fall due for the foreseeable future.

Revenue recognition

Turnover represents amounts paid by KFC franchisees pursuant to obligations under franchise agreements and by Kentucky Fried Chicken (Great Britain) Limited as Franchisor, this is recognised as incurred. Turnover also represents amounts received as volume rebates from vendors and recognised as incurred.

Foreign currencies

The assets and liabilities of overseas branches are translated at the closing exchange rates. Profit and loss accounts of the branches are consolidated at the average rates of exchange during the period. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Income tax

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Intangible assets

Intangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation

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

The asset lives are as follows:

Asset class	Asset life
Software	3 years

KFC Advertising Limited

Notes to the Financial Statements

Period from 30 December 2019 to 27 December 2020 (continued)

3 Accounting policies (continued)

Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits repayable on demand, less overdrafts payable on demand

Debtors

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

Creditors

Creditors are recognised when the company 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.

4 Turnover

The split of turnover by geographical segment is shown below:

	Period from 30 Dec 19 to 27 Dec 20 £	Period from 24 Dec 18 to 29 Dec 19 £
United Kingdom	62,044,901	59,736,556
Ireland	1,447,281	1,957,583
	<u>63,492,182</u>	<u>61,694,139</u>

The whole of the turnover is attributable to the principal activity of the company

5 Operating profit

Operating profit or loss is stated after charging/(crediting)

	Period from 30 Dec 19 to 27 Dec 20 £	Period from 24 Dec 18 to 29 Dec 19 £
Amortisation of intangible assets	1,650,256	573,613
Foreign exchange gains / (losses)	<u>(28,352)</u>	<u>47,942</u>

KFC Advertising Limited**Notes to the Financial Statements****Period from 30 December 2019 to 27 December 2020 (continued)****6 Auditor's remuneration**

	Period from 30 Dec 19 to 27 Dec 20 £	Period from 24 Dec 18 to 29 Dec 19 £
Fees payable for the audit of the financial statements	<u>9,870</u>	<u>9,100</u>
Fees payable to the Company's auditor and its associates for other services:		
Taxation compliance services	<u>-</u>	<u>4,250</u>

7 Other interest receivable

	Period from 30 Dec 19 to 27 Dec 20 £	Period from 24 Dec 18 to 29 Dec 19 £
Interest on cash and cash equivalents	<u>2,862</u>	<u>9,343</u>
	<u>2,862</u>	<u>9,343</u>

8 Other income

	Period from 30 Dec 19 to 27 Dec 20 £	Period from 24 Dec 18 to 29 Dec 19 £
Other income	<u>268,361</u>	<u>-</u>
	<u>268,361</u>	<u>-</u>

Other income relates to credits obtained through Research and Development Expenditure Credit (RDEC) scheme.

9 Particulars of employees

No individuals are directly employed by the company. All payroll costs related to the company operations are recharged by a fellow group company, Kentucky Fried Chicken (Great Britain) Limited.

10 Directors' Remuneration

Total directors' remuneration for qualifying services for the financial year was £ - (2019 - £ -). Directors' remuneration for qualifying services for the financial year was not practicable to allocate. All directors' remuneration costs are borne by the fellow group company, Kentucky Fried Chicken (Great Britain) Limited

KFC Advertising Limited

Notes to the Financial Statements

Period from 30 December 2019 to 27 December 2020 (continued)

11 Tax on profit

Major components of tax income

	Period from 30 Dec 19 to 27 Dec 20 £	Period from 24 Dec 18 to 29 Dec 19 £
Current tax:		
UK Current tax income	356,732	(46,399)
Adjustments in respect of prior periods	50,989	(10,188)
Total current tax	407,721	(56,587)
Deferred tax:		
Origination and reversal of timing differences	(102,971)	32,364
Adjustments in respect of prior periods	40,931	-
DTA on RDEC scheme deemed recoverable	(50,989)	-
Effect of rate change	5,123	(3,407)
Total deferred tax	(107,906)	28,957
Total tax	299,815	(27,630)

The tax assessed on the profit on ordinary activities for the period is lower than (2019 – lower than) the standard rate of corporation tax in the UK of 19.0% (2019 – 19.0%).

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge however the effect on the current years deferred tax recalculation is immaterial to adjust within these financial statements.

The differences are reconciled below:

	Period from 30 Dec 19 to 27 Dec 20 £	Period from 24 Dec 18 to 29 Dec 19 £
Profit before taxation	1,844,394	138,278
Profit by rate of tax	350,435	26,273
Adjustment to tax charge in respect of prior periods	40,931	(10,188)
DTA on RDEC scheme deemed recoverable	(50,989)	-
Transfer pricing adjustments	(45,685)	(40,308)
Effect of rate change	5,123	(3,407)
Total tax expense / (credit)	299,815	(27,630)

KFC Advertising Limited
Notes to the Financial Statements
Period from 30 December 2019 to 27 December 2020 (continued)

12 Intangible assets**Software**

	£
Cost	
At 29 December 2019	6,751,353
Additions	2,644,434
Disposals	(5,159,314)
As at 27 December 2020	<u><u>4,236,473</u></u>
Amortisation	
At 29 December 2019	2,021,298
Charge for the period	1,650,256
Eliminated on disposal	(1,053,732)
As at 27 December 2020	<u><u>2,617,822</u></u>
Carrying amount	
As at 27 December 2020	<u><u>1,618,651</u></u>
At 29 December 2019	<u><u>4,730,055</u></u>

Disposals of intangible assets relate to the transfer of assets to a fellow group company Kentucky Fried Chicken (Great Britain) Limited.

13 Debtors

	27 Dec 20 £	29 Dec 19 £
Trade debtors	11,199,473	7,072,981
Prepayments and accrued income	2,073,287	2,365,747
Other debtors	378,868	-
Corporation tax debtor	35,566	392,298
	<u><u>13,687,194</u></u>	<u><u>9,831,026</u></u>
	27 Dec 20 £	29 Dec 19 £
Debtors due after more than one year		
Deferred Tax	<u><u>105,296</u></u>	-
	<u><u>105,296</u></u>	-
Total debtors	<u><u>13,792,490</u></u>	<u><u>9,831,026</u></u>

KFC Advertising Limited
Notes to the Financial Statements
Period from 30 December 2019 to 27 December 2020 (continued)

14 Creditors: amounts falling due within one year

	27 Dec 20	29 Dec 19
	£	£
Amounts owed to group undertakings	6,665,048	12,612,230
Other payables	8,481,709	6,455,830
Other taxation	-	645,208
Deferred Tax	-	2,610
	<u>15,146,757</u>	<u>19,715,878</u>

15 Deferred tax

The deferred tax included within debtors/(creditors) is as follows:

	27 Dec 20	29 Dec 19
	£	£
Balance brought forward	(2,610)	26,347
Profit and loss movement arising during the period	107,906	(28,957)
Balance carried forward	<u>105,296</u>	<u>(2,610)</u>

There are no unused tax loss or unused tax credits.

16 Capital and Reserves**Allotted, called up and fully paid shares**

	27 Dec 20		29 Dec 19	
	No.	£	No.	£
Ordinary shares of £1 each	2	2	2	2

Share capital account: records the shares held by the Company's parent at cost.

Profit and loss account: this reserve records retained earnings and accumulated losses.

KFC Advertising Limited

Notes to the Financial Statements

Period from 30 December 2019 to 27 December 2020 (continued)

17 Controlling party

The Company's immediate parent is Kentucky Fried Chicken (Great Britain) Limited, incorporated in England and Wales.

The smallest and largest group in which the results of the Company are consolidated is that headed by Yum! Brands Inc., a company incorporated in the United States of America. The consolidated accounts of this group are available to the public and may be obtained from:

These financial statements are available upon request from Yum! Brands, Inc.
1441 Gardiner Lane
PO Box 37330
Louisville
Kentucky
40213 USA