

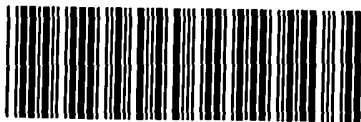
COMPANY REGISTRATION NUMBER: 01178568

**KFC Advertising Limited**

Annual Report and Financial Statements

Period ended 25 December 2022

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**KFC Advertising Limited**  
**Directors' Report and Financial Statements**  
**Period from 27 December 2021 to 25 December 2022**

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**KFC Advertising Limited**  
**Officers and Professional Advisors**

**The board of directors**

M Farren (appointed 5 October 2022)  
A Janmohamed  
A Khan  
MJW McCormick (appointed 16 May 2022)  
J Woolford (appointed on 31 January 2023)

**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

### Strategic Report

Period from 27 December 2021 to 25 December 2022

The directors present their strategic report for the period from 27 December 2021 to 25 December 2022.

#### 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 25 December 2022, the accounting period was 52 weeks (prior period was 52 weeks).

#### Fair review of the business

The business continues to drive growth through being the co-operating marketing fund for the UK and Ireland KFC stores.

The results of the business were as a result of the performance of stores within Kentucky Fried Chicken (Great Britain) Limited. The comparative year showed an extremely strong financial performance as the business built on the growth seen in the second half of 2020, where the variety of sales channels (Delivery, DriveThru, Take Away and Dine in) allowed flex for KFC customers to access KFC in line with government Covid-19 guidance. Furthermore, included within the comparative year was the continued reduction in the VAT rate for the Hospitality sector influencing on a higher sales performance.

During 2022, when comparing to the recent performance in the comparative year, combined with the cost of living increases that incurred during 2022, the performance of the business shows a 4.9% decline in Turnover, nevertheless reporting a strong value of £79,339,293.

Operating profit has decreased year on year to a loss this year of -£7,094,719 (2021: £5,481,127) impacting on the operating profit margin decreasing to -8.9% (2021: 6.6%).

The loss for the period amounted to -£5,202,046 (2021: profit £4,727,351) and the Company was in a net asset position of £1,196,127 (2021: £6,398,173). The directors have not recommended a dividend.

#### 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.

Approved by the Board on 24 November 2023 and signed on its behalf by:

DocuSigned by:

*Matthew McCormick*

EA4A785E0425489.....  
MJW McCormick

Director

Registered office:

Orion Gate

Guildford Road

Woking, Surrey

GU22 7NJ

## KFC Advertising Limited

### Directors' Report

Period from 27 December 2021 to 25 December 2022

The directors present their report and the financial statements for the period from 27 December 2021 to 25 December 2022.

#### Directors

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

PJ MacKenzie	(resigned 27 May 2022)
M Farren	(appointed 5 October 2022)
CA Drew	(resigned 13 September 2022)
A Janmohamed	
A Khan	
J Hinchliffe	(resigned on 5 January 2023)
McCormick	(appointed 16 May 2022)
N Morrison	(appointed 16 May 2022 and resigned 6 October 2022)
J Woolford	(appointed on 31 January 2023)

#### 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.

Despite having negative net current assets and making a loss in the year the company is still seen as a going concern. A letter of support is also provided by Kentucky Fried Chicken (Great Britain) Limited.

#### 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.

#### Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company strategic report information required to be contained in the directors report. It has done so in respect of business activities, risk and future developments.

Approved by the Board on 24 November 2023 and signed on its behalf by:

DocuSigned by:  
  
.....  
MJW McCormick  
Director  
Registered office:  
Orion Gate  
Guildford Road  
Woking, Surrey  
GU22 7NJ

## **KFC Advertising Limited**

### **Statement of Directors' Responsibilities**

**Period from 27 December 2021 to 25 December 2022**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 apply them consistently;
- make judgements and accounting 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 27 December 2021 to 25 December 2022**

### **Opinion**

We have audited the financial statements of KFC Advertising Limited ("the Company") for the period ended 25<sup>th</sup> December 2022 which comprise the Statement of Income and Retained Earnings, 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 25 December 2022 and of its loss 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 misstatements 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.

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

**Period from 27 December 2021 to 25 December 2022**

### **Fraud and breaches of laws and regulations – ability to detect**

- Considering remuneration incentive schemes and performance targets for management.
- 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 budget 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 high volume, low value nature of the key revenue stream.

We did not identify any additional fraud risks.

We performed procedures including:

Identifying journal entries and other adjustments to test based on defined high-risk criteria and comparing the identified entries to supporting documentation. These included journals posted with a credit to revenue against an unexpected account pairing and journals posted with a debit or credit to cash against unexpected accounts pairing, journals posted to seldom used accounts, journals posted by users with only one posting in the period, journals with blank entry description, journals containing specific keywords in description, journals posted beyond ten days after period end and journals posted by specific users.

### *Identifying and responding to risks of material misstatements related to compliance with laws and regulation*

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.

Firstly, 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.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity, and certain aspects of company legislation recognising the nature of the Company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *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



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

**Period from 27 December 2021 to 25 December 2022**

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.

### **Strategic report and directors' report**

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 8, 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.

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

**Period from 27 December 2021 to 25 December 2022**

### **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](http://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*

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

Date:.. 24 November 2023

**KFC Advertising Limited**  
**Statement of Income and Retained Earnings**  
**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
	Note	£	£
<b>Turnover</b>	4	79,339,293	83,395,865
<b>Cost of sales</b>		<u>(67,992,066)</u>	<u>(62,019,007)</u>
<b>Gross profit</b>		11,347,227	21,376,858
<b>Administrative expenses</b>		<u>(18,441,946)</u>	<u>(15,895,731)</u>
<b>Operating (loss) / profit</b>	5	(7,094,719)	5,481,127
<b>Other interest receivable</b>	7	3,065	325
<b>Other income</b>	8	<u>1,161,291</u>	<u>349,430</u>
<b>(Loss) / Profit before taxation</b>		(5,930,363)	5,830,882
<b>Tax on (loss) / profit</b>	11	728,317	(1,103,531)
<b>(Loss) / Profit after taxation</b>		<u>(5,202,046)</u>	<u>4,727,351</u>
<b>Total comprehensive income for the period</b>		<u>(5,202,046)</u>	<u>4,727,351</u>
 <b>Retained earnings at the start of the period</b>		 <u>6,398,171</u>	 <u>1,670,820</u>
<b>Retained earnings at the end of the period</b>		<u>1,196,125</u>	<u>6,398,171</u>


Following an internal exercise carried out on classification of mapping between cost of sales and administrative expenses an amount of 6.8m was reclassified between cost of sales and administrative expenses during 2022. The exercise looked back to 2021 figures however amounts were determined immaterial and no reclassification was made to 2021.

The notes on pages 11 to 18 form an integral part of these financial statements.

**KFC Advertising Limited**  
**Statement of Financial Position**  
**25 December 2022**

	Note	25 Dec 22 £	26 Dec 21 £
<b>Fixed assets</b>			
Intangible assets	12	6,050,248	1,489,471
<b>Current assets</b>			
Debtors (including £1,412,043 (2021: £154,940) due after more than one year)	13	18,147,397	15,311,821
Cash at bank and in hand		1,541,631	1,545,777
		<u>19,689,028</u>	<u>16,857,598</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>(24,543,149)</u>	<u>(11,948,896)</u>
<b>Net current (liabilities) / assets</b>		<u>(4,854,121)</u>	<u>4,908,702</u>
<b>Net assets</b>		<u><u>1,196,127</u></u>	<u><u>6,398,173</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	2	2
Profit and loss account	16	<u>1,196,125</u>	<u>6,398,171</u>
<b>Member funds</b>		<u><u>1,196,127</u></u>	<u><u>6,398,173</u></u>

These financial statements were approved by the Board and authorised for issue on 24 November 2023 and are signed on its behalf by:

DocuSigned by:  
  
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**MJW McCormick**  
 Director

Company registration number: 01178568

The notes on pages 11 to 18 form an integral part of these financial statements.

**KFC Advertising Limited**  
**Notes to the Financial Statements**  
**Period from 27 December 2021 to 25 December 2022**

**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**

**3.1 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.

All amounts in the financial statements have been rounded to the nearest pound.

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 25 December 2022 has an accounting period of 52 weeks relative to prior year of 52 weeks.

**3.2 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; and
- Key Management Personnel compensation.

Additionally, the company has taken advantage of the exemption in the Financial Reporting Standard 102 paragraph 33.1a 'Related party transactions' and not disclosed transactions with other members of the group.

**3.3 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 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 27 December 2021 to 25 December 2022**

#### **3 Accounting policies (continued)**

##### **3.3 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.

##### **3.4 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.

##### **3.5 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

##### **3.6 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.

##### **3.7 Intangible assets**

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

##### **3.8 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	Amortisation method and rate
Software	3 years

**KFC Advertising Limited**  
**Notes to the Financial Statements**

**Period from 27 December 2021 to 25 December 2022**

**3.9 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.

**3.10 Cash and cash equivalents**

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

**3.11 Debtors**

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

**3.12 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:

	<b>Period from 27 Dec 2021 to 25 Dec 2022</b>	<b>Period from 28 Dec 2020 to 26 Dec 2021</b>
	£	£
United Kingdom	77,051,132	81,405,747
Ireland	2,288,161	1,990,118
	<u>79,339,293</u>	<u>83,395,865</u>

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

**KFC Advertising Limited**  
**Notes to the Financial Statements**

**Period from 27 December 2021 to 25 December 2022**

**5 Operating profit**

Operating profit is stated after charging/(crediting)

	Period from 27 Dec 2021 to 25 Dec 2022 £	Period from 28 Dec 2020 to 26 Dec 2021 £
Amortisation of intangible assets	1,041,410	949,409
Foreign exchange (gains) / losses	119,694	(37,524)

**6 Auditor's remuneration**

	Period from 27 Dec 2021 to 25 Dec 2022 £	Period from 28 Dec 2020 to 26 Dec 2021 £
Fees payable for the audit of the financial statements	33,474	15,000

**7 Other interest receivable**

	Period from 27 Dec 2021 to 25 Dec 2022 £	Period from 28 Dec 2020 to 26 Dec 2021 £
Interest on cash and cash equivalents	3,065	325

**8 Other income**

	Period from 27 Dec 2021 to 25 Dec 2022 £	Period from 28 Dec 2020 to 26 Dec 2021 £
Other income	1,161,291	349,430



**KFC Advertising Limited****Notes to the Financial Statements****Period from 27 December 2021 to 25 December 2022****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 £- (2021 - £ -). 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. Total Directors remuneration for KFC Advertising Limited Directors paid by Kentucky Fried Chicken (Great Britain) Limited was £2,130,456. This related to 6 directors. Remuneration of the highest paid director was £28,760. The roles of directors in KFC Advertising are to provide their relevant expertise from their roles and background of Kentucky Fried Chicken (Great Britain) Limited.

**11 Tax on profit**

Major components of tax income

	<b>Period from 27 Dec 2021 to 25 Dec 2022 £</b>	<b>Period from 28 Dec 2020 to 26 Dec 2021 £</b>
<b>Current tax:</b>		
UK Current tax income	—	1,153,175
Adjustments in respect of prior periods	<u>528,786</u>	<u>—</u>
Total current tax	<u>528,786</u>	<u>1,153,175</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(1,128,452)	(82,302)
Adjustments in respect of prior periods	332,302	(34,229)
DTA on RDEC scheme deemed recoverable	—	—
Effect of rate change	<u>(460,953)</u>	<u>66,887</u>
Total deferred tax	<u>(1,257,103)</u>	<u>(49,644)</u>
<b>Tax on (loss) / profit</b>	<u><u>(728,317)</u></u>	<u><u>1,103,531</u></u>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. At 24 May 2021, this was substantively enacted, therefore the effects of the change are included in these financial statements. The deferred tax has been calculated at 25%.

**KFC Advertising Limited****Notes to the Financial Statements****Period from 27 December 2021 to 25 December 2022****11 Tax on profit (continued)**

The differences are reconciled below:

	<b>Period from 27 Dec 2021 to 25 Dec 2022</b>	<b>Period from 28 Dec 2020 to 26 Dec 2021</b>
	<b>£</b>	<b>£</b>
(Loss) / Profit before taxation	<b>(5,930,363)</b>	<b>5,830,882</b>
(Loss) / Profit by rate of tax	<b>(1,126,769)</b>	<b>1,107,868</b>
Adjustment to tax charge in respect of prior periods	<b>861,088</b>	<b>(34,229)</b>
Group relief claimed	<b>—</b>	<b>(31,306)</b>
DTA on RDEC scheme deemed recoverable	<b>—</b>	<b>—</b>
Transfer pricing adjustments	<b>(1,683)</b>	<b>(5,689)</b>
Effect of rate change	<b>(460,953)</b>	<b>66,887</b>
Total tax (credit) / expense	<b>(728,317)</b>	<b>1,103,531</b>

**12 Intangible assets****Software**

	<b>£</b>
<b>Cost</b>	
At 26 December 2021	5,056,702
Additions	5,602,187
Disposals	—
<b>At 25 December 2022</b>	<b>10,658,889</b>
<b>Amortisation</b>	
At 26 December 2021	3,567,231
Charge for the period	1,041,410
<b>At 25 December 2022</b>	<b>4,608,641</b>
<b>Carrying amount</b>	
<b>At 25 December 2022</b>	<b>6,050,248</b>
At 26 December 2021	1,489,471

The additions in the year relate to Digital development to increase the functionality to our existing e-commerce platforms.

**KFC Advertising Limited****Notes to the Financial Statements****Period from 27 December 2021 to 25 December 2022****13 Debtors**

	25 Dec 22	26 Dec 21
	£	£
Trade debtors	8,258,532	9,200,438
Prepayments and accrued income	3,083,613	3,850,356
Other debtors	605,918	99,524
Owed from group undertakings	4,787,291	2,006,563
	<u>16,735,354</u>	<u>15,156,881</u>

	25 Dec 22	26 Dec 21
	£	£
<b>Debtors due after more than one year</b>		
Deferred tax	1,412,043	154,940
	<u>1,412,043</u>	<u>154,940</u>
<b>Total debtors</b>	<u>18,147,397</u>	<u>15,311,821</u>

**14 Creditors: amounts falling due within one year**

	25 Dec 22	26 Dec 21
	£	£
Amounts owed to group undertakings	14,349,377	–
Other payables	10,193,772	10,831,286
Corporation Tax creditor	–	1,117,610
	<u>24,543,149</u>	<u>11,948,896</u>

**15 Deferred tax**

The deferred tax included within debtors is as follows:

	25 Dec 22	26 Dec 21
	£	£
Balance brought forward	154,940	105,296
Profit and loss account movement arising during the period	1,257,103	49,644
Balance carried forward	<u>1,412,043</u>	<u>154,940</u>

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

	25 Dec 22	26 Dec 21
	£	£
Carried forward losses	1,445,100	
Excess of depreciation over taxation allowances	83,163	318,669
Other timing differences	(116,220)	(163,729)
	<u>1,412,043</u>	<u>154,940</u>

**KFC Advertising Limited**  
**Notes to the Financial Statements**  
**Period from 27 December 2021 to 25 December 2022**

**15 Deferred tax (continued)**

Following the finalisation of the 2021 tax returns for the UK tax group and considering the treasury needs of the Group, the Company revised the group relief settlement policy in 2021 and will not surrender its losses for 2022. However, it is expected that the losses will be used against future profits in the UK tax group, therefore a deferred tax asset has been set up to recognise this. The tax charge reflects the revised group relief settlement from the prior year and the set-up of the deferred tax asset in the current year.

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

	<b>25 Dec 22</b>			<b>26 Dec 21</b>	
	<b>No.</b>	<b>£</b>		<b>No.</b>	<b>£</b>
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 profit or losses.

**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 of Yum! Brands, Inc. are available upon request from Yum! Brands, Inc..

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