

COMPANY REGISTRATION NUMBER: 05735916

Restaurant Holdings Limited

Annual Report and Financial Statements

Year Ended 31 December 2022



Restaurant Holdings Limited
Financial Statements

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Restaurant Holdings Limited
Strategic Report
Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activities

The principal activity of the company is to act as an intermediate holding company.

The directors do not foresee any change in the company's activities.

Results and review

The loss for the period amounted to £46,669,000 (2021: profit of £238,985,000). The loss for the period was principally due to foreign exchange losses on the company's USD denominated loan.

At the end of the period, the company had net assets of £931,128,000 (2021: £977,796,000). The directors have considered the carrying value of the company's investments and have determined that there is no impairment required. The directors are reasonably certain that the company will be able to meet its obligations for the foreseeable future.

Amounts due to group undertakings are principally loans and accrued interest due to fellow subsidiaries which are part of the wider group to which the company belongs and are consolidated into the same ultimate parent, Yum! Brands, Inc., as detailed in Note 19 Controlling party. At the period end, 90% of the loans payable were US dollar denominated.

Section 172 statement

The directors of the company consider that they have responsibly and appropriately discharged their duties under the Companies Act 2006 (the "Act"), including their duty to act in the way that they consider, in good faith, will be most likely to promote the success of the company for the benefit of its members as a whole, having due regard in doing so for the matters set out in section 172 (1) (a) to (f) in the Act.

The likely consequences of any decision in the long-term

The directors were the custodians of a well-established brand, via a subsidiary of the company, in the United Kingdom and the Republic of Ireland and therefore will always consider long-term implications of any decisions taken. The company's subsidiary has reduced the number of restaurants it runs at the direction of its ultimate parent company, Yum! Brands Inc., to ensure the directors can fully focus on continuing to grow the brand in the interest of all stakeholders.

Restaurant Holdings Limited
Strategic Report
Year Ended 31 December 2022 (continued)

The interests of the company's employees

Employees are at the heart of the KFC business, with directors regularly seeking feedback on all aspects of the business from both restaurant teams and the Restaurant Support Centre ("RSC") team. There are regular opportunities for employees to provide feedback and also to share in the success of the business via celebratory events, targeted bonuses and long-term incentive plans.

There are a number of development opportunities available to employees with ongoing in-role training to allow them to take more senior roles in the business, external training via apprenticeships and our bespoke degree programme and also support with professional qualifications, where relevant. All restaurant managers and RSC employees have access to the Heartstyles programme with structured feedback annually, as well as clear goals and individual development plans.

Employees are regularly informed about future plans and strategies for the business as well as regular information on current business performance.

The need to foster the company's business relationships with suppliers, customers and others

The directors encourage collaboration, ownership and celebration of success with both Franchise partners and suppliers. This is achieved through Franchisee representation on key areas of the business including Marketing strategy, Development and Design of restaurants and technology.

The company's subsidiary works closely with suppliers to ensure we have a sustainable relationship with our suppliers ensuring the supplier gets a fair-price and our customers get a consistently great product. We worked with suppliers to provide a contingency plan in the result of potential disruption as a result of Brexit to ensure there would be contingent stock in the event of delays in supplies as a result of Brexit.

Customer feedback is encouraged, and directors will monitor and challenge both company and Franchisee teams to ensure we offer the customers the best possible experience in our restaurants.

The impact of the company's operations on the community and the environment

The directors are committed to reduce the impact of our restaurants on the environment and this has been committed to by the ultimate parent company, Yum! Brands Inc. who have committed to decrease its greenhouse gas (GHG) emissions 46% by 2030 in partnership with its franchisees, suppliers and producers as part of its broader strategy to address climate change. Additionally, Yum! pledged to achieve net-zero emissions across its worldwide business by 2050, while the UK business is aiming to achieve net zero by 2040.

The business is looking to maximise the recyclability of packaging and reduce waste in our restaurants, including the collection of use cooking oil to be recycled for bio-fuel.

The desirability of the company maintaining a reputation for high standards of business conduct

All directors are committed to maintaining high standards of business conduct and ensure that all our employees are trained annually to ensure we continue to meet these standards. As a subsidiary of a US listed company, the directors ensure that we meet all required standards for both UK and US companies and will regularly review the impact on all stakeholders whilst ensuring adherence to high standards of business conduct.

The need to act fairly between members of the company

The company is a 100% owned subsidiary of its ultimate parent company, Yum Brands! Inc. As stated above the directors therefore will ensure that the business and KFC brand is grown and enhanced under their stewardship, seeking direction and support from Yum! Brands Inc. where required. The directors are committed to providing the best outcome for its owners whilst maintaining their commitment to all stakeholders in the business.

Restaurant Holdings Limited
Strategic Report
Year Ended 31 December 2022 (continued)

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.

Interest rate risk

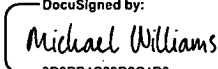
The company has loans from fellow group companies which are charged interest at an arms-length rate set on an annual basis. The principal risk to the company is an increase in interest rates leading to a higher future interest charge. However, as the company has support from its ultimate parent company as detailed in the Going Concern note (Note 3 Accounting Policies), minimal risk is associated with this area.

Other risks

The principal risk to the company is the movement in foreign exchange on the US dollar-denominated loans. Foreign exchange movements that affect the annual interest payments are partially mitigated by the use of forward currency contracts, however the company is also required to report the foreign exchange movement on the principal value of the loans and this may have a significant impact on the results from period to period.

While the company itself is a holding company, it holds a large investment in its subsidiary, Kentucky Fried Chicken (Great Britain) Limited and it depends on cash receivable from its subsidiary in order to service its debt obligations. The directors have assessed the impact of the current economic environment on both the company and its subsidiary. While trading conditions are challenging for Kentucky Fried Chicken (Great Britain) Limited and its franchisees, it has been able to maintain a high level of sales in spite of pricing increases to help cover the rise in costs of inputs and the business is highly cash-generative. The directors are reasonably confident that the company has not been significantly adversely affected and will be able to continue to meet its obligations via funding from its subsidiary. The directors are reasonably confident that the company's subsidiary continues to trade strongly and that no impairment of its investment is required.

This report was approved by the Board on 27 September 2023 and signed on behalf of the board by:

DocuSigned by:

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MRC Williams

Director

Registered office:

Orion Gate
Guildford Road
Woking
Surrey
GU22 7NJ

Restaurant Holdings Limited
Directors' Report
Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors of the company

The directors who held office during the year were as follows:

TM Colborn (resigned 31 March 2023)
MRC Williams
CA Dr w (resigned 11 April 2022)
MJW McCormick (appointed 11 April 2022)
PJ MacKenzie (resigned 27 May 2022)

None of the directors who held office at the end of the period had any disclosable interest in the shares of the company.

Dividends

No dividends were declared during the year (2021: £242,950,000). Details of dividends paid after the end of the reporting period are given in note 18.

Political donations

The company made no political donations nor incurred any political expenditure during the year.

Environmental matters

Carbon emissions

In line with the governments streamlined energy and carbon reporting requirements we are required to report our organisation's carbon emissions for the period. In the case of the company, this reporting includes the company and its subsidiaries, principally Kentucky Fried Chicken (Great Britain) Limited.

The emissions accounted for are reported in tonnes of CO2 equivalent (tCO2e) for natural gas and purchased electricity consumption across our subsidiary, Kentucky Fried Chicken (Great Britain) Limited. Also included are emissions from fuels used for business travel and emissions related to the production and extraction of fuel and energy. The methodology used aligns with the GHG Protocol and uses Defra's Greenhouse Gas Conversion Factors 2021 for quantifying emissions.

Restaurant Holdings Limited
Directors' Report
Year Ended 31 December 2022 (continued)

Our emissions are as follows:

Scope	UK and offshore	Consumption (kWh) 1 Jan-31 Dec 2022	Emissions (tCO ₂ e) 1 Jan -31 Dec 2022	Consumption (kWh) 1 Jan-31 Dec 2021	Emissions (tCO ₂ e) 1 Jan-31 Dec 2021
Scope 1	Natural gas	89,092	16	1,309,092	240
Scope 1	Company car travel	516,491	119	520,218	121
Scope 2	Electricity	19,739,739	3,518	22,971,192	4,877
Scope 3	Natural gas WTT	-	3	-	41
Scope 3	Company vehicles WTT	-	33	-	-
Scope 3	Electricity T&D losses	-	322	-	432
Scope 3	Electricity WTT	-	918	-	-
Scope 3	Personal vehicles	416,136	100	270,849	64
Total		20,761,458	5,029	25,071,351	5,775

WTT - Well-to-tank

T&D - Transmissions and Distribution

SECR emissions (tCO ₂ e)	Energy type	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Scope 1	Natural gas	16	240
Scope 1	Company car travel	119	121
Scope 2	Electricity	3,518	4,877
Scope 3	Other fuel & WTT losses	1,376	537
Total emissions		5,029	5,775
Intensity/FTE	tCO₂e/£m turnover	22	22

In an effort to reduce emissions, both the company and its subsidiary have undertaken a number of energy efficiency measures in the year, including:

- Engaging with external advisors to complete a full scope 1,2 and 3 carbon assessment of all restaurants in Kentucky Fried Chicken (Great Britain) Limited.
- Publishing a net-zero roadmap identifying carbon reduction measures to reach net zero by 2040.

Restaurant Holdings Limited
Directors' Report
Year Ended 31 December 2022 (continued)

Going concern

The financial statements have been prepared on a going concern basis, which assumes the company will be able to meet its liabilities as they fall due, for the foreseeable future. The directors have concluded that it is appropriate to adopt the going concern basis, having undertaken an assessment of the financial forecasts for the 12 month period after the approval of these financial statements.

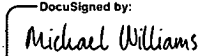
As at 31 December 2022, the company had total assets less current liabilities of £1,311,573,000 and net assets of £931,128,000 with debts being owed to group undertakings, and predominantly due more than five years after the balance sheet date. The main issue facing the company is the increase in interest rates on its debt due to fellow group companies. The company's subsidiary, Kentucky Fried Chicken (Great Britain) Limited, continues to trade well in spite of the challenging economic environment. Up to the date of signing the accounts, nothing has occurred or is expected to occur in the foreseeable future that would impact the directors' conclusion that it is appropriate to adopt the going concern basis.

In addition, Yum! Brands, Inc., the ultimate parent of the company has provided a letter confirming its intention to provide financial support, should the need arise, to the company including not seeking repayment of amounts currently made available from within the Yum! Group, for a period of at least twelve months following the signing of the 31 December 2022 financial statements, such that the company can meet its liabilities and obligations as they fall due. 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.

Disclosure of information to the auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the Board on 27 September 2023 and signed on its behalf by:

DocuSigned by:

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MRC Williams

Director

Registered office:

Orion Gate

Guildford Road

Woking

Surrey

GU22 7NJ

Restaurant Holdings Limited
Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and Financial Statements
Year Ended 31 December 2022

The directors are responsible for preparing the Strategic Report, 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 period. 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 its 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 Restaurant Holdings Limited

Opinion

We have audited the financial statements of Restaurant Holdings Limited (the 'company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant 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 company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 directors' 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 company'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditor's Report to the Members of Restaurant Holdings Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company sector;

Independent Auditor's Report to the Members of Restaurant Holdings Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators, the company's legal advisors and other relevant regulatory bodies.

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 directors 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.

**Independent Auditor's Report to the Members of Restaurant Holdings Limited
(continued)**

Use of our report

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.

Blick Rothenberg Audit LLP

Mahmood Ramji (Senior Statutory Auditor)

For and on behalf of Blick Rothenberg Audit LLP, Statutory Auditor

Chartered Accountants

16 Great Queen Street

Covent Garden

London

WC2B 5AH

United Kingdom

Date: 28 September 2023

Restaurant Holdings Limited
Statement of Comprehensive Income
Year Ended 31 December 2022

		Period from 1 Jan 2022 to 31 Dec 2022	Period from 1 Jan 2021 to 31 Dec 2021
	Note	£'000	£'000
Administrative expenses		(24)	(32)
Operating loss		(24)	(32)
Income from shares in group undertakings	6	-	242,950
Other interest receivable and similar income	7	19	-
Interest payable and similar expenses	8	(49,150)	(9,682)
(Loss)/profit before taxation		(49,155)	233,236
Taxation	9	2,486	5,749
(Loss)/profit after taxation		(46,669)	238,985
Total comprehensive income for the period		(46,669)	238,985

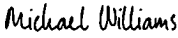
All the activities of the company are from continuing operations.

The notes on pages 15 to 22 form an integral part of these financial statements.

Restaurant Holdings Limited
Statement of Financial Position
31 December 2022

	Note	31 Dec 22 £'000	31 Dec 21 £'000
Fixed assets			
Investments	11	1,353,025	1,353,025
Non-current assets			
Deferred tax	12	3,665	-
Current assets			
Debtors	13	3,875	5,053
Cash at bank and in hand		7	1,850
		3,881	6,903
Creditors: Amounts falling due within one year	14	(48,998)	(41,956)
Net current liabilities		(45,117)	(35,053)
Total assets less current liabilities		1,311,573	1,317,972
Creditors: Amounts falling due after more than one year	15	(380,445)	(340,176)
Net assets		931,128	977,796
Capital and reserves			
Called up share capital	16	94,763	94,763
Profit and loss account	17	836,365	883,033
Shareholders funds		931,128	977,796

These financial statements were approved by the Board and authorised for issue on 27 September 2023 and are signed on its behalf by:

DocuSigned by:

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MRC Williams
Director

Company registration number: 05735916

The notes on pages 15 to 22 form an integral part of these financial statements.

Restaurant Holdings Limited
Statement of Changes in Equity for the Year Ended 31 December 2022

	Called up share capital	Profit and loss account	Total
	£'000	£'000	£'000
At 1 January 2021	94,763	886,998	981,761
Profit for the year	-	238,985	238,985
Total comprehensive income for the period	-	238,985	238,985
Dividends paid	-	(242,950)	(242,950)
At 31 December 2021	94,763	883,033	977,796
Loss for the year	-	(46,669)	(46,669)
Total comprehensive income for the period	-	(46,669)	(46,669)
At 31 December 2022	94,763	836,364	931,127

The notes on pages 15 to 22 form an integral part of these financial statements.

Restaurant Holdings Limited
Notes to the Financial Statements
Year Ended 31 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

The financial statements have been prepared on the historical cost basis, and in accordance with applicable accounting standards.

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

3.2 Disclosure exemptions

The company has taken advantage of the exemption from preparing consolidated financial statements contained in Section 401 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is not established under the law of an EEA State.

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 19. 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
- Related party transactions with entities which form part of the group.

3.3 Going concern

The financial statements have been prepared on a going concern basis, which assumes the company will be able to meet its liabilities as they fall due, for the foreseeable future. The directors have concluded that it is appropriate to adopt the going concern basis, having undertaken an assessment of the financial forecasts for the 12 month period after the approval of these financial statements.

As at 31 December 2022, the company had total assets less current liabilities of £1,311,573,000 and net assets of £931,128,000 with debts being owed to group undertakings, and predominantly due more than five years after the balance sheet date. The main issue facing the company is the increase in interest rates on its debt due to fellow group companies. The company's subsidiary, Kentucky Fried Chicken (Great Britain) Limited continues to trade well in spite of the challenging economic environment. Up to the date of signing the accounts, nothing has occurred or is expected to occur in the foreseeable future that would impact the directors' conclusion that it is appropriate to adopt the going concern basis.

In addition, Yum! Brands, Inc., the ultimate parent of the company has provided a letter confirming its intention to provide financial support, should the need arise, to the company including not seeking repayment of amounts currently made available from within the Yum! Group, for a period of at least twelve months following the

Restaurant Holdings Limited
Notes to the Financial Statements
Year Ended 31 December 2022

signing of the 31 December 2022 financial statements, such that the company can meet its liabilities and obligations as they fall due. 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 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

3.5 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

3.6 Income tax

Income tax is calculated on the profit or loss for the period at the prevailing tax rate applicable to the period. The tax credit or charge is group-relieved within the company's UK tax group. The directors have taken the decision that certain group relief balances will not be settled. As a result the tax balance recognised reflects only the amounts that will be settled.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits in the company's UK tax group.

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

3.7 Investments

In preparing these financial statements, the directors have exercised judgment in determining whether there are factors of impairment of the company's investments. Investments are initially recorded at cost. The carrying amount of the company's investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable value is estimated. The recoverable value of an investment is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment charge is recognised if the carrying value of an investment exceeds its estimated recoverable amounts. Impairment charges are recognised in profit and loss.

Impairment charges recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment charge is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Creditors

Creditors comprise accrued expenses and amounts due to group undertakings. The amounts due to group undertakings are made up of loans payable to fellow group undertakings and include the principal amounts of the loans and interest accrued from the date of the last annual interest payment to the last day of the reporting period. Loans are recorded at the cash value of the amounts due to be repaid.

Restaurant Holdings Limited
Notes to the Financial Statements
Year Ended 31 December 2022

4 Auditor's remuneration

	Period from 1 Jan 2022 to 31 Dec 2022	Period from 1 Jan 2021 to 31 Dec 2021
	£'000	£'000
Fees payable for the audit of the financial statements	14	13

5 Remuneration of directors and employees

The remuneration of the directors was borne by fellow group companies and it was not practicable to allocate the costs of the qualifying services to the company.

The company had no employees and four directors at the year end.

6 Income from shares in group undertakings

	Period from 1 Jan 2022 to 31 Dec 2022	Period from 1 Jan 2021 to 31 Dec 2021
	£'000	£'000
Dividends receivable from group undertakings	-	242,950

7 Interest receivable and similar income

	Period from 1 Jan 2022 to 31 Dec 2022	Period from 1 Jan 2021 to 31 Dec 2021
	£'000	£'000
Bank interest receivable	19	-

8 Interest payable and similar expenses

	Period from 1 Jan 2022 to 31 Dec 2022	Period from 1 Jan 2021 to 31 Dec 2021
	£'000	£'000
Foreign exchange losses	39,873	3,679
Other finance costs	20	-
Interest payable to group undertakings	9,256	6,003
	49,150	9,682

Restaurant Holdings Limited
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9 Tax on profit

Tax charged/(credited) in the income statement

	Period from 1 Jan 2022 to 31 Dec 2022 £'000	Period from 1 Jan 2021 to 31 Dec 2021 £'000
Current tax:		
UK current tax credit	—	(5,749)
Adjustments in respect of prior periods	1,179	-
Total current tax	<u>1,179</u>	<u>(5,749)</u>
Deferred tax:		
Origination and reversal of timing differences	(1,688)	-
Effect of tax rate change	(880)	-
Adjustments in respect of prior periods	(1,097)	-
Total deferred tax	<u>(3,665)</u>	<u>-</u>
Tax on (loss)/profit	<u><u>(2,486)</u></u>	<u><u>(5,749)</u></u>

Reconciliation of tax expense

The tax on the profit for the period is higher (2021 - lower) than the standard rate of corporation tax in the UK of 19% (2021 - 19%).

The differences are reconciled below:

	Period from 1 Jan 2022 to 31 Dec 2022 £'000	Period from 1 Jan 2021 to 31 Dec 2021 £'000
(Loss)/profit before taxation	<u>(49,155)</u>	233,236
(Loss)/profit by rate of tax	(9,339)	44,315
Effect of expense/(income) not chargeable in determining taxable profit	7,651	(3,956)
Increase in tax from adjustment for prior periods	82	52
Tax decrease from effect of dividends from UK companies	-	(46,160)
Effect of tax rate change	(880)	-
Tax on loss on ordinary activities	<u><u>(2,486)</u></u>	<u><u>(5,749)</u></u>

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Restaurant Holdings Limited
Notes to the Financial Statements
Year Ended 31 December 2022

10 Dividends paid**Final dividends paid**

	31 Dec 22 £'000	31 Dec 21 £'000
Dividends paid on equity shares	—	242,950

11 Investments in subsidiaries, joint ventures and associates

	Shares in group undertakings £'000
Cost or valuation	
At 31 December 2021	1,353,025
At 31 December 2022	1,353,025
Provision	
At 31 December 2020	-
At 31 December 2022	-
Carrying amount	
At 31 December 2021	1,353,025
At 31 December 2022	1,353,025

The directors have reviewed the company's investment in its subsidiary and have concluded that no impairment is required in the year.

In the opinion of the directors, the investment in the company's subsidiary undertaking is worth at least the amount at which it is stated in the financial statements.

Restaurant Holdings Limited
Notes to the Financial Statements
Year Ended 31 December 2022

11 Investments in subsidiaries, joint ventures and associates (continued)

Group investments

The undertaking in which the company has a direct interest at the period end is as follows:

Name	Country of incorporation	Holding	Principal activity	Address
Kentucky Fried Chicken (Great Britain) Limited	England	100% ordinary shares	Trading	Orion Gate Guildford Road, Woking GU22 7NJ

The undertakings in which the company has an indirect interest at the period end are as follows:

Name	Country of incorporation	Holding	Principal activity	Address
KFC Advertising Limited	England	100% ordinary shares	Advertising Co-operative	Orion Gate, Guildford Road, Woking, GU22 7NJ
Southern Fast Foods Limited	England	100% ordinary shares	Non-trading	Orion Gate, Guildford Road, Woking, GU22 7NJ
Finger Lickin' Chicken Limited	England	100% ordinary shares	Non-trading	Orion Gate, Guildford Road, Woking, GU22 7NJ
Suffolk Fast Foods Limited	England	100% ordinary shares	Non-trading	Orion Gate, Guildford Road, Woking, GU22 7NJ
Kentucky Fried Chicken Limited	England	100% ordinary shares	Non-trading	Orion Gate, Guildford Road, Woking, GU22 7NJ

Restaurant Holdings Limited
Notes to the Financial Statements
Year Ended 31 December 2022

12 Non-current assets

	31 Dec 22	31 Dec 21
	£'000	£'000
Deferred tax	3,665	-
	<u>3,665</u>	<u>-</u>

13 Debtors

	31 Dec 22	31 Dec 21
	£'000	£'000
Amounts owed by group undertakings	3,875	5,054
Other debtors	-	(1)
	<u>3,875</u>	<u>5,053</u>

14 Creditors: amounts falling due within one year

	31 Dec 22	31 Dec 21
	£'000	£'000
Amounts owed to group undertakings	44,101	41,760
Bank overdraft	4,717	-
Accruals and deferred income	180	196
	<u>48,998</u>	<u>41,956</u>

Amounts owed to group undertakings includes a sterling denominated loan repayable in November 2023, on which interest is payable annually at GBP LIBOR plus 0.58% per annum.

15 Creditors: amounts falling due after more than one year

	31 Dec 22	31 Dec 21
	£'000	£'000
Amounts due to group undertakings:		
US Dollar denominated loans	380,444	340,175
Sterling denominated loans	1	1
	<u>380,445</u>	<u>340,176</u>

The USD denominated loan is repayable in November 2031, and interest is payable annually at USD LIBOR plus 1.48% per annum.

Restaurant Holdings Limited
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Year Ended 31 December 2022

16 Called up share capital**Issued, called up and fully paid shares**

	31 Dec 22		31 Dec 21	
	No.	£ 000	No.	£ 000
Ordinary shares of £1 each	94,762,992	94,763	94,762,992	94,763

17 Reserves

The called up share capital account records the shares held by the company's parent company at cost.

The profit and loss account records retained earnings and accumulated losses.

18 Events after the reporting date

After the year end, the company received dividends of £5,000,000 and £80,000,000 from its immediate subsidiary Kentucky Fried Chicken (Great Britain) Limited and paid a dividend of £80,000,000 to its parent company Yum! Restaurants International Management LLC.

19 Controlling party

The company is a subsidiary undertaking of Yum! Restaurants International Management LLC, a company registered in the United States of America.

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

1441 Gardiner Lane
 PO Box 37330
 Louisville
 Kentucky
 40213
 United States of America