

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

**KFC FOUNDATION**

**REPORT & FINANCIAL STATEMENTS**

**PERIOD ENDED**

**29 DECEMBER 2019**

## **KFC FOUNDATION**

### **Contents**

**Period from 24 December 2018 to 29 December 2019**

<b>CONTENTS</b>	<b>PAGE</b>
Officers and Professional Advisors	<b>3</b>
Statement from Chair of Trustees	<b>4</b>
Trustees' Report	<b>5</b>
Independent Auditor's Report	<b>13</b>
Statement of Financial Activities	<b>16</b>
Statement of Financial Position	<b>17</b>
Statement of Cash Flows	<b>18</b>
Notes to the Financial Statements	<b>19</b>

## KFC FOUNDATION

### Officers and Professional Advisors

Period from 24 December 2018 to 29 December 2019

#### Legal & Foundation Information

Trustees William Huw James (Resigned 25<sup>th</sup> November 2019)  
Akram Khan  
Paula Jane Mackenzie  
Neil Morrison  
Meghan Farren  
James Fletcher (from 29<sup>th</sup> April 2019)  
Catherine Stamper (from 29<sup>th</sup> April 2019)  
Jennie Wright (from 13<sup>th</sup> May 2019)

Secretary Louise Norris

Registered Office Orion Gate, Guildford Road, Woking, GU22 7NJ

Functional Team Sophie Billington  
Alan Johnson  
Julian Thomas (Gift Aid Secretary)  
Louise Norris

#### Advisors

Principal Bankers National Westminster Bank PLC  
23 Brunswick Place  
Brunswick Gate  
S015 2AQ

Solicitors Eversheds Sutherland (International) LLP (Up to 19 February 2019)  
One Wood Street  
London  
EC2V 7WS

Solicitors BDB Pitmans (From 20 February 2019)  
50 Broadway  
London  
SW1H 0BL  
DX 2317 Victoria

Auditor Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

## KFC FOUNDATION

### Statement from our Chair of Trustees

#### Period from 24 December 2018 to 29 December 2019

The KFC Foundation has a mission to support young people across the UK to fulfil their potential. Through the exceptional work of our team members, the incredible generosity of our communities and the inspirational work of our charity partners we have been able to help support thousands of young people. I would like to take this opportunity to thank the teams and individuals that have made it happen.

The first of these acknowledgements must go to the team members working in KFC restaurants and head offices across the UK. Without the dedication and enthusiasm of the teams we could never deliver the phenomenal grants to the 15 local charities that we do. There are so many stories of individual teams who have gone to amazing lengths to support their local charity and in addition to raising funds many of our teams have had the opportunity to volunteer with our charity partners across the country. It is the hard work of our dedicated teams which underpins everything that you will see in this report.

The second thank you must go to the communities who have donated so generously this year, it is the kindness of our guests which enables the KFC Foundation to support so many vulnerable young people. In 2019 we were proud to give our guests the opportunity to donate to the Foundation via kiosks in KFC restaurants, in addition to countertop charity boxes. We also ran an instant win scratch card campaign in restaurants, raising over a quarter of a million pounds. Time and time again our guests have demonstrated just how big their hearts are.

In addition to our 15 local charity partners we are also excited to have partnered with Comic Relief this year, who share our values and have been supporting organisations in the UK to bring about social change for over thirty years. We are working with them to fund several organisations here in the UK that provide safe social spaces, mentoring and work and social skills. We're aiming to raise £3m over the next three years.

As Chair of the Trustees, it has been a privilege to see how all 16 of the charities that the Foundation has partnered with work to provide support for the young people of the UK. Many of the charities selected work on a local level, creating a positive impact in the region around them with tireless diligence and professionalism. Through these charities the KFC Foundation has been able to provide support for young people living in the toughest circumstances, providing positive activities for them to take part in, mentoring for the most vulnerable and in many cases the chance to make steps into employment, education, training or volunteering.

We have continued the review of our structure and governance that began in 2018 and I am thrilled to welcome three new faces to the Board helping to address some of the outstanding skills gaps; James Fletcher, major gifts fundraiser of Brasenose College, Oxford, brings a wealth of experience as a trustee and fundraiser. Cath Stamper, CEO of York Road Project, Woking brings experience of charity governance and building charities. Finally, Jennie Wright, Director of Digital Ventures at KFC brings her expertise in digital technology which we are embracing at the Foundation and all three bring a huge passion for the purpose of the Foundation and in their short time have been able to add huge value, I welcome them to the Board and thank them for joining us.

Of course, I would also like to take the opportunity to thank the existing Trustees for their contribution to the board. They are fully committed to helping young people fulfil their potential through the activities of the Foundation and its charity partners. Huw James took the decision to step down in November and I would like to thank him for his passionate and dedicated service to the Foundation these 4 years.

Thank you to everyone who has been involved; we have been inspired by the work of our teams, communities and charity partners and are facing the next year determined to continue making a difference.

DocuSigned by:  
  
8C61C34F17D3406...  
Paula Mackenzie  
Chair of Trustees

## **KFC FOUNDATION**

### **Trustees' Report**

#### **Period from 24 December 2018 to 29 December 2019**

The Trustees present their Annual Report and Accounts for the period ended 29<sup>th</sup> December 2019. In preparing this report and accounts the Trustees have complied with the Charities Act 2011, the Foundation's Constitution and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

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

#### **Structure, Governance & Management**

##### Organisational Structure

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

##### Governance

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

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

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

##### Management

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

The day-to-day operation of the Foundation is carried out by the Functional Team (Louise Norris, Sophie Billington, Alan Johnson and Julian Thomas). All four are employees of KFC, Sophie, Alan and Julian gift their time and expertise to the Foundation (and are therefore not remunerated from Foundation funds), as such between Sophie and Alan they have volunteered approximately 70 hours and Julian 12 hours during the period of this report. Louise's salary is cross charged to the Foundation.

Sophie Billington and Alan Johnson are responsible for administering the Foundation's bank account and oversee the payment of grants from Foundation funds and Julian Thomas is our Gift Aid Secretary.

# KFC FOUNDATION

## Trustees' Report

### Period from 24 December 2018 to 29 December 2019

Louise Norris manages the Foundation's partnerships with external charities on behalf of the Foundation, planning and activating fundraising mechanisms, strategic direction and the day to day running of the Foundation including regulation and compliance.

#### **Objectives & Activities**

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

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

#### **Mission & Vision**

The KFC Foundation vision is to support young people in the UK to fulfil their potential and our mission is to do charity the right way, by doing it on our doorstep; in the communities in which we operate, both have been inspired by the founder of KFC, Colonel Sanders.

The KFC Foundation makes grants to support charities to provide young people with a safe social space, mentoring, work programmes and social skills. This aligns strongly with our business values, expertise and team member and guest demographics.

The Foundation supports regional charity partners who were voted for by our restaurant teams, we have been supporting these charities since May 2018. The KFC Foundation seeks to make a difference by pairing clusters of restaurants with regional charities to drive local relevance and impact for communities as well as KFC team members, so that locally raised funds are spent locally.

The charities that are supported by the Foundation are small charities, who in many cases, work with the most vulnerable young people in their community. They share our passion for nurturing and developing young people to help them reach their full potential. Through its 15 local charity partnerships the Foundation was able to support numerous projects and young people in 2019.

#### **Achievements & Performance**

##### How you gave your support in 2019

Our total net income in 2018-2019 was: £1,184,730

This was made up of:

Countertop donation boxes: £257,337  
Product donations: £518,074  
Kiosk Donations: £64,469  
Scratch Card Donations: £257,626  
Ad hoc donations: £87,224

##### How we used the money you gave in 2019

The Foundation made grants to the following charities in the amounts set out below (expressed as a percentage of the total sum raised during 2018-2019):

## KFC FOUNDATION

### Trustees' Report

#### Period from 24 December 2018 to 29 December 2019

Charity Name and Charity Number	2018 -2019		2017 -2018	
	Amount Donated	Percentage	Amount Donated	Percentage
Kids Inspire – Essex (1129513)	£22,948	3%	£85,811	7%
Rainbows (1014051)	-	-	£52,282	4%
Children's Adventure Farm Trust (1003675)	-	-	£73,039	6%
Herts Young Homeless (1069498)	-	-	£40,747	3%
Alder Hey (1160661)	-	-	£33,979	3%
Childhood Trust (1154032)	£13,261	2%	£53,447	4%
Noah's Ark (1081156)	-	-	£51,856	4%
Children's Foundation (1000013)	-	-	£17,780	1%
Smile for Life (1129935)	-	-	£17,780	1%
Northern Ireland Children's Hospice (102337)	-	-	£87,628	7%
Aberlour (SC007991)	-	-	£86,990	7%
The Children's Trust (288018)	-	-	£110,630	9%
Children's Hospice South West (1003314)	-	-	£80,989	6%
Ty Hafan (1047912)	-	-	£52,838	4%
Acorn's Children's Hospice (700859)	-	-	£77,915	6%
Focus Charity (1068467)	£19,440	3%	£14,872	1%
Mentoring Plus (1112534)	£26,308	4%	£22,998	2%
Yorkshire Children (288125)	-	-	£79,778	6%
London Youth Support (1086850)	£13,261	2%	£11,591	1%
Young Lives Foundation (1119528)	£35,124	5%	£26,732	2%
Boys & Girls Club (1009142)	£12,817	2%	£14,894	1%
Positive Futures (1145598)	£10,231	1%	£10,747	1%
Young People First (1056035)	£25,003	4%	£21,939	2%
GMYN (1151897)	£27,645	4%	£22,366	2%
Action4Youth (1033626)	£23,610	3%	£21,577	2%
Workingrite CIC (SC042604)	£21,126	3%	£34,300	3%

## KFC FOUNDATION

### Trustees' Report

#### Period from 24 December 2018 to 29 December 2019

Youth Association (519883)	£25,016	4%	£21,976	2%
Keyfund Federation (1093569)	£11,512	1%	£11,441	1%
Include Youth (103383)	£12,695	2%	£29,517	2%
Comic Relief (325658 & SCO39730)	£400,000	57%	-	-

#### What we did in 2019

In 2019 the KFC Foundation continued to support the 15 charity partners that KFC restaurant teams had voted for in 2018. We were also excited to partner with the national charity Comic Relief to help to amplify the work of the Foundation, we are aiming to raise £3m over the next 3 years.

We have continued reviewing governance and the capability of our board of trustees. In 2018 we identified the need to appoint some external expertise to our board, in particular trustees who would bring experience serving on a board of a charity, charity foundation or working closely with a charity board and excellent, up to date knowledge of best practice and governance of the charity sector. To that end (as mentioned in the Chair's Report) we were thrilled to appoint James Fletcher, Cath Stamper and Jennie Wright as Trustees of the Foundation.

After a challenging year in 2018 for the KFC UK&I business and its franchise partners we were grateful to them to agree to reinstating product donation in 2019, both KFC UK&I and its franchise partners donate 5p from every bucket sold to Comic Relief. We were also able to run an instant win scratch card campaign, giving our guests a 1 in 5 chance to win KFC products on the purchase of a £1 scratch card, raising £258,000. KFC restaurant teams love these campaigns and the top 5 restaurants all in Kent sold 35,504 between them!

At 9 new restaurant openings KFC UK&I or a franchise partner invited their regional charity partner along to the restaurant opening to cut the ribbon and accept a donation, raising £10,002.

We continue to have charity boxes in restaurants but are seeing a notable decline in funds raised as a result of increased card transactions and digital technology which means guests no longer approach the front counter to purchase in the traditional way. So we have been really excited to harness the developments in KFC's digital technology to give guests the opportunity to donate when they purchase on kiosks, as half a million transactions a week are currently made through kiosks and each of those guests are being asked if they would like to donate (we have a 10% conversion rate) we are raising approx. £1,000 daily as well as significant awareness of the Foundation. All these mechanics have seen the Foundation more than double its income in 2019.

The KFC restaurant teams are always keen to have a positive impact on their local community and 2019 was no different. Team members raised funds for their local Foundation charity through sky diving, fire walks, quiz nights, football tournaments, donating their staff meals, the list and creativity goes on and demonstrates the generous hearts of our Team Members.

The Foundation looks to build partnerships with the charities it supports, not just transactional relationships, so in addition to making grants and donations many of our teams were able to get out and volunteer this year and we are proud that we have tracked over 500 hours in 2019 versus 88 in 2018. For example, Lee and Sally from KFC franchise partner Soul Foods took part in an Eat on the Street event with partner The Youth Association in Yorkshire and then in September Lee and 6 other above restaurant leaders raised £800 by doing a sponsored walk. KFC franchise partner, Kefco, took a team to Kids Inspire in Essex and donated and helped wrapped Christmas presents for some of the 1,900 disadvantaged children in the county that Kids Inspire support at Christmas.

In addition to increased team engagement KFC UK&I have also seen a slight shift in their guest tracking figures for "socially responsible" and "charitable" by +1% between 2018 & 2019 suggesting an increased awareness among our guests.



## KFC FOUNDATION

### Trustees' Report

#### Period from 24 December 2018 to 29 December 2019

At Easter, the RSC collected over 100 Easter Eggs to send to The Young Lives Foundation in Kent to distribute to their young people and at Christmas we collected and distributed over 300 gifts to our charity partners.

Restaurant Managers and above restaurant teams visited 5 projects over the summer and provided chicken or BBQed for the young people during their summer holiday and at Christmas 20 people volunteered to cook Christmas Dinner for over 60 young people at 2 projects supported by partner The Childhood Trust in London.

We are extremely proud of the impact that the Foundation is making across the UK with its charity partners, here are just a few examples of what they have to say about the grants the Foundation has provided.

Alex Fairweather CEO of Greater Manchester Youth Network our Foundation partner in the North West told us this:

*"The KFC Foundation funding has made a huge impact on GMYN. We have been able to fund two staffing posts that have delivered the employability programmes for care experienced young people. Without this funding we would have to reduce this provision drastically.*

*The funding has also helped with overhead costs for the charity. An area we need vital support with as without this we cannot develop as an organisation and deliver new programmes for disadvantaged young people."*

Karen Harris, Operations Manager of Positive Futures, our partner in Liverpool told us:

*"This is the first time we have ran a full-time holiday provision within our Summer programme and we are proud of the achievements.*

*Young people and families who rely on school meals to be their main meal of the day were provided with breakfast and lunch throughout the Summer Holiday Programme. They were also given fresh fruit, vegetables and drinks. Young people were provided with access to opportunities/activities they would not usually be able to afford or be part of. The programme also provided a safe, welcoming space to spend time and meet new friends."*

Finally, Abbie Foster, Fundraising and Marketing Manager from The Key our charity partner in the North East told us:

*"Thanks to the grant from KFC Foundation we have:*

- *Supported **413** disadvantaged young people from the North East to complete The Key Framework in communities where KFC operates.*
- *Together they dreamt up, planned, budgeted, pitched, executed and reviewed **93** of their own projects.*

*As a result of this:*

- *Young people improved their social and personal skills by an average of **17%**.*
- *They improved their self-confidence and self-esteem and formed a growth mindset.*
- *An additional 6,421 members of the community benefited by participating in the projects our young people planned and delivered. This represents the positive ripple effect that The Key has on the communities where KFC is operating."*

The Foundation has met its objectives for 2019; it has continued to improve its governance and capability, it has doubled its income, continued to build engagement with restaurant teams, through fundraising and volunteering and with charity partners through activities outside of grant giving and it is having an impact on the communities in which KFC operates as demonstrated above.

## **KFC FOUNDATION**

### **Trustees' Report**

**Period from 24 December 2018 to 29 December 2019**

#### **Public Benefit**

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

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

#### **Financial Review**

##### **Statement of Financial Activities**

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

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

- Countertop donation boxes (22%)
- Product contribution (44%)
- Kiosk donations (6%)
- Scratch cards sales (22%)
- Ad hoc donations (6%)

##### **Assets**

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

##### **Investments**

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

##### **Reserves**

There is no reserves policy in place, as the material expense that the Foundation incurs is making grants to chosen charities. The statement of financial position shows total funds of £538,660 of which £420,586 are unrestricted funds (2018 - £142,416 all unrestricted). £118,074 are restricted and are not available for the general purposes of the charity (2018 - £nil).

##### **Plans for the Future**

At the end of 2019 the Trustees and senior leadership team at KFC UK&I began discussions about the future of the Foundation and how it fits with the Comic Relief partnership. The likely outcome of these discussions is that Comic Relief will become a guest facing, corporate partnership with KFC UK&I, managed for practical purposes by the Foundation Manager and that the Foundation will work to become a small community grants Foundation so that it can move closer its mission of "charity on the doorstep" and continue to make KFC a force for good in the communities in which it operates.

## **KFC FOUNDATION**

### **Trustees' Report**

#### **Period from 24 December 2018 to 29 December 2019**

The Foundation will be reducing the number of long-term partnerships and capping the annual donations and it will be putting the structure and policy in place to become a small community grants foundation and carry on our journey of implementing change and improvements to remain compliant with Charity Commission guidelines.

During the period from 29<sup>th</sup> December 2019 to the date that the financial statements were approved, the coronavirus (Covid-19) outbreak had spread worldwide and caused extensive disruptions to businesses as well as economic activities globally with no exception for the UK.

We have considered the effects of the 2020 outbreak of Covid-19 on the charity's operations and have concluded that the impact on it is likely to include:

- KFC restaurant closures have resulted in Foundation income switching off overnight. We anticipate seeing a 35% decrease in income in 2020 as a result
- A large portion of our income comes through donation on kiosks and we have no understanding at this stage of whether consumers will be comfortable with kiosk use as we reopen restaurants
- We also need to anticipate the suppression in cash donations which we had expected to see over the next couple of years being expedited

Following the advice issued by the UK Government in March 2020 regarding employees working from home and other social distancing measures, we have enacted procedures to facilitate this including support functions such as finance and administration to continue whilst employees are not physically present in the Foundation's office.

Trustees acknowledge and recognise the potential impact of the Covid-19 pandemic on the future operations of the Foundation, its beneficiaries, partners and stakeholders and our wider society. As well as the personal risk to health of our staff, the Foundation expects to lose planned income as the result of the closure of KFC restaurants. However, as the Trustees are able to reduce expenditure in line with the fall in income, it is not anticipated at the current time that the overall financial position of the Foundation will be adversely affected or its financial solvency threatened.

#### **Risk Management**

The Trustees have considered the major governance, operation, financial, external and compliance risks which the Foundation faces, and we have processes in place to ensure that those risk are regularly reviewed and mitigating steps taken as necessary. The three risks that would have the highest impact to the operation of the Foundation are a decrease in income (either as a result of having one principle funder or from the pressure of high street sales), the reputational risk created by KFC UK&I's franchise model and our inability to separate funds and the conflict of interest of the KFC UK&I leadership team sitting on the Board of Trustees.

#### **Fundraising Policy**

The Foundation's approach to fundraising is to predominantly use the relationship with KFC UK&I, its employees and guests to raise funds through the sale of products or fundraising activities. We do not carry out street fundraising, nor do we undertake fundraising mail shots or telephone canvassing. We work with KFC UK&I to ensure that any fundraising complies with best practice. Fundraising is monitored by the Trustees of the Foundation and we also monitor any fundraising complaints (none were received during the year 2018/19) and we always seek to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches or undue pressure to donate.

## KFC FOUNDATION

### Trustees' Report

Period from 24 December 2018 to 29 December 2019

#### **Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements**

Under the Constitution of the charity and charity law, the Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The Trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charity'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 charity or to cease operations or have no realistic alternative but to do so.

The Trustees are required to act in accordance with the Constitution of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005, those statements of accounts comply with the requirements of regulations under those Acts. 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 charity and to prevent and detect fraud and other irregularities.

#### **Provision of information to auditor**

So far as each trustee is aware:

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

#### **Approval**

This report was approved by the Trustees on 16-Sep-20..... and signed on its behalf.

DocuSigned by:  
  
8C61C34E17D3406...  
Paula Mackenzie  
Chair of Trustees

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

## KFC FOUNDATION

### Independent auditor's report to the members of KFC Foundation

#### Period from 24 December 2018 to 29 December 2019

#### Opinion

We have audited the financial statements of KFC Foundation (the 'charity') for the period ended 29 December 2019 which comprise the statement of financial activities, the statement of financial position, the statement of cash flows and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charity's affairs as at 29 December 2019 and of its income and expenditure for the period then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### Basis for opinion

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

#### Emphasis of matter – Effects of Covid-19

We draw attention to the accounting policies, which describe the economic and social disruption the charity is facing as a result of Covid-19 which is impacting the activities of the charity. Our opinion is not modified in respect of this matter.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **KFC FOUNDATION**

### **Independent auditor's report to the members of KFC Foundation**

#### **Period from 24 December 2018 to 29 December 2019**

##### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

##### **Matters on which we are required to report by exception**

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

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

##### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

##### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence

## KFC FOUNDATION

### Independent auditor's report to the members of KFC Foundation

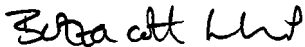
#### Period from 24 December 2018 to 29 December 2019

the economic decisions of users taken on the basis of these financial statements.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

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



25 September 2020

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

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

## KFC FOUNDATION

### Statement of Financial Activities

**Period from 24 December 2018 to 29 December 2019**

	Notes	Unrestricted funds	Restricted funds	Period from 24 Dec 18 to 29 Dec 2019 £	Period from 25 Dec 17 to 23 Dec 2018 £
				Total funds	Total funds
<b>Income from Donations</b>					
Counter Top Takings	3	257,337	—	257,337	289,356
Product Contribution	3	—	518,074	518,074	123,031
Scratch Cards	3	257,626	—	257,626	—
Kiosk Donation	3	64,469	—	64,469	—
Other Donation	3	87,224	—	87,224	2,633
<b>Total Income</b>		<u>666,656</u>	<u>518,074</u>	<b><u>1,184,730</u></b>	<b><u>415,020</u></b>
<b>Expenditure</b>					
Donation to Charity		(298,997)	(400,000)	(698,997)	(1,268,439)
Support costs	4	(89,489)	—	(89,489)	(20,139)
<b>Total Expenditure</b>		<u>(388,486)</u>	<u>(400,000)</u>	<b><u>(788,486)</u></b>	<b><u>(1,288,578)</u></b>
<b>Net Movement in Funds</b>		278,170	118,074	<b>396,244</b>	<b>(873,558)</b>
<b>Reconciliation of Funds:</b>					
Fund balances at 24 December 2018		142,416	—	142,416	1,015,974
Fund balances at 29 December 2019		<u>420,586</u>	<u>118,074</u>	<b><u>538,660</u></b>	<b><u>142,416</u></b>

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

The notes on pages 19-23 form part of these financial statements.

All income and expenditure related to unrestricted funds in the period ended 23 December 2018.



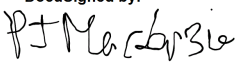
**KFC FOUNDATION****Statement of Financial Position****Period from 24 December 2018 to 29 December 2019**

	Notes	29 Dec 2019 £	23 Dec 2018 £
<b>Current Assets</b>			
Cash at bank and in hand		259,524	79,891
Debtors	6	315,546	72,125
<b>Liability</b>			
Creditors falling due within one year	7	(36,410)	(9,600)
<b>Net Assets</b>		<b>538,660</b>	<b>142,416</b>
<b>Funds:</b>			
Restricted Funds	8	118,074	—
Unrestricted General Fund	8	420,586	142,416
		<b>538,660</b>	<b>142,416</b>

The financial statements were approved and authorised for issue by the Board of Trustees on **16 September 2020** and signed on its behalf:

Paula Mackenzie (Chair of Trustees)

The notes on pages 19-23 form part of these financial statements.

DocuSigned by:  
  
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**KFC FOUNDATION**  
**Statement of Cash Flows**

**Period from 24 December 2018 to 29 December 2019**

	Notes	<b>Total funds 2019 £</b>	Total funds 2018 £
<b>Net cash provided by (used in) operating activities</b>	9	179,633	(102,488)
<b>Change in cash and cash equivalents in the period</b>		<u><b>179,633</b></u>	<u><b>(102,488)</b></u>
Cash at start of the period		<u>79,891</u>	<u>182,379</u>
Cash at end of the period		<u><u>259,524</u></u>	<u><u>79,891</u></u>

The notes on pages 19-23 form part of these financial statements.

# KFC FOUNDATION

## Notes to the Financial Statements

### Period from 24 December 2018 to 29 December 2019

#### 1. Accounting Policies

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

##### **Basis of preparation of financial statements**

KFC Foundation is a Charitable Incorporated Organisation registered with the Charity Commission in England and Wales (number 1163560) and with OSCR in Scotland (number SC046098). These financial statements have been prepared for the period from 24 December 2018 to 29 December 2019 with comparative information given in respect to the period from 25 December 2017 to 23 December 2018.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

The KFC Foundation is a public benefit entity.

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

##### **Critical accounting estimates and areas of judgement**

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

##### **Fund accounting**

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

##### **Income recognition**

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

##### **Donated services and facilities**

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

##### **Expenditure recognition**

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

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

# KFC FOUNDATION

## Notes to the Financial Statements

### Period from 24 December 2018 to 29 December 2019

#### Accounting Policies (continued)

##### Expenditure recognition (continued)

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

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

##### Cash at bank and in hand

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

##### Debtors

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

##### Creditors

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

##### Financial instruments

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

##### Going concern

The full impact following the recent emergence of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's activities, beneficiaries, funders and the wider economy.

The trustees have considered the impact of the pandemic on the charity's financial position and going concern. Although the charity expects to lose planned income as the result of the closure of KFC restaurants, the trustees are able to reduce expenditure in line with the fall in income. The trustees have therefore concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to prepare these financial statements on a going concern basis. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

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

## 2 Related party transactions and Trustees' expenses and remuneration

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

The Trustees all give freely of their time and expertise without any form of remuneration or other benefit in cash or kind. During the year, expenses totalling £107 (2018: nil) were reimbursed to one trustee (2018: none). There are no other related party transactions that require disclosure in the financial statements (2018: none).

**3 Income**

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

	Unrestricted	Restricted	<b>24 Dec 2018 to 29 Dec 2019 Total</b>	25 Dec 2017 to 23 Dec 2018 Total
	£	£	£	£
Scratch cards - franchisees of KFC	239,913	-	239,913	-
Scratch cards - KFC	17,713	-	17,713	-
KFC - product contribution	-	47,022	47,022	20,553
Franchisees of KFC - product contribution	-	471,052	471,052	102,478
KFC counter top donations	20,666	-	20,666	35,416
Franchisees of KFC - counter top donations	236,671	-	236,671	253,939
KFC - kiosk donations	5,563	-	5,563	-
Franchisees of KFC- kiosk donations	58,906	-	58,906	-
Other donations	58,344	-	58,344	1,829
Pennies for change	620	-	620	805
Gift in kind	28,260	-	28,260	-
	<u>666,656</u>	<u>518,074</u>	<u>1,184,730</u>	<u>415,020</u>

All income related to unrestricted funds in the period ended 23 December 2018.

**4 Support costs**

	Unrestricted	<b>24 Dec 2018 to 29 Dec 2019 Total</b>	25 Dec 2017 to 23 Dec 2018 Total
	£	£	£
Bank charges	630	630	700
Consultant fees	21,264	21,244	9,839
Audit fees	10,000	10,000	9,600
Gift in kind	28,260	28,260	-
Staff costs	29,335	29,335	-
<b>Total support and governance costs</b>	<u>89,489</u>	<u>89,489</u>	<u>20,139</u>

**5 Salaries & Wages Disclosures****(a) Staff costs**

Staff costs during the period were:

	<b>24 Dec 2018 to 29 Dec 2019</b>	25 Dec 2017 to 23 Dec 2018
	£	£
Wages and salaries	24,467	-
Social security costs	2,177	-
Pension costs	2,691	-
	<u>29,335</u>	<u>-</u>

**(b) Staff numbers**

The average number of persons (including the senior management team) employed during the period ended 29 December 2019 was 1 (2018 - 0).

**(c) Higher paid staff**

No employees earned over £60,000 in the period (2018 - none).

**(d) Key management personnel**

The key management personnel of the Foundation comprise 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Foundation was £29,335 (2018 - nil).

**6 Debtors**

	<b>29 Dec 2019</b>	23 Dec 2018
	£	£
KFC GB Ltd	9,914	5,048
Franchises of KFC GB Ltd	305,632	67,077
	<b>315,546</b>	<b>72,125</b>

**7 Creditors**

	<b>29 Dec 2019</b>	23 Dec 2018
	£	£
Audit fees accrual	19,600	9,600
Trade creditors	16,810	-
	<b>36,410</b>	<b>9,600</b>

**8 Analysis of net assets between funds**

	Unrestricted General fund £	Restricted funds £	<b>Total funds 29 Dec 2019 £</b>	Total funds 23 Dec 2018 £
<b>Fund balances at the period end are represented by:</b>				
Current assets	456,996	118,074	575,070	152,016
Liability	(36,410)	-	(36,410)	(9,600)
<b>Total net assets</b>	<b>420,586</b>	<b>118,074</b>	<b>538,660</b>	<b>142,416</b>

All funds were unrestricted at 23 December 2018. The restricted funds in 2019 relates to income received from product contributions which will be given as donations to Comic Relief.

**9 Net cash provided by (used in) operating activities**

	<b>24 Dec 2018 to 29 Dec 2019</b>	25 Dec 2017 to 23 Dec 2018
	£	£
Net movement in funds	396,244	(873,558)
(Increase)/decrease in debtors	(243,421)	771,071
Increase in creditors	26,810	-
	<u><b>179,633</b></u>	<u>(102,488)</u>