



ANNUAL REPORT

Period end 27th December 2020

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**THE KFC
FOUNDATION**

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LEGAL AND FOUNDATION INFORMATION

Trustees

Simon Coates (from 12th May 2020)
Meghan Farren
James Fletcher
Akram Khan
Paula Jane Mackenzie (Chair)
Neil Morrison
Nick Newman (from 28th July 2020)
Alvin Owusu (from 2nd November 2020)
Catherine Stamper (resigned 15th May 2020)
Jennie Wright

Secretary

Louise Norris

Registered Office

Orion Gate, Guildford Road, Woking, GU22 7NJ

Functional Team

Alan Johnson
Anastasia Miller
Julian Thomas (Gift Aid Secretary)
Louise Norris

Advisors**Principal Bankers**

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

Solicitors BDB Pitmans
50 Broadway
London
SW1H 0BL

Auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

STATEMENT FROM OUR CHAIR OF TRUSTEES

The KFC Foundation has a mission to empower young people across the UK to fulfil their potential. Through the exceptional work of KFC team members, the incredible generosity of our communities and the inspirational work of our partner organisations we have been able to help support thousands of young people.

It would be remiss of me to continue without acknowledging the impact that the Covid 19 pandemic has had on both the Foundation and the organisations who receive Foundation grants and their service users. Many of the organisations that we supported in 2020 saw an almost immediate cessation in their income due to the restrictions on their ability to fundraise which came, oftentimes, hand in hand with a significant increase in demand for their services. Many of their service users have had increased challenges with their mental health, food insecurity and isolation to name a few.

I would like to take this opportunity to thank the teams and individuals that have enabled the Foundation to continue making an impact. The first of these acknowledgements must of course go to our partner organisations up and down the UK. Despite the challenging environment, it has been humbling and inspiring to hear, through their agility, resilience and tenacity how they have continued to deliver vital services to the young people in their communities.

Secondly the team members working in KFC restaurants and head offices across the UK, in what has also been a challenging year for many of them. Without the dedication and enthusiasm of the KFC teams we could never deliver the phenomenal grants that we do. There are many stories of individual teams who have gone to amazing lengths to support the Foundation. It is the hard work of these dedicated teams which underpins everything that you will see in this report.

Finally, we thank 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. Time and time again our guests have demonstrated just how big their hearts are.

As Chair of Trustees it is with pride that I report that we have moved the Foundation to be a small community grant making Foundation. Harnessing the power of local and supporting grass root organisations in the heart of the communities that KFC UK&I operate in. These organisations work for the benefit of the community, creating a positive impact, working with tireless diligence and professionalism. Through these organisations the KFC Foundation is able to offer support for young people living in the toughest circumstances, providing positive activities 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. And in this, perhaps the most challenging of years, tackling some of the most basic physiological needs such as food insecurity.



STATEMENT FROM OUR CHAIR OF TRUSTEES

In addition to our small community grant programme we continue our partnership with Comic Relief, 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 four years.

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 partner organisations. Cath Stamper took the decision to step down in May and I would like to extend my thanks for her contribution. In combination with the resignation of Huw James in late 2019, there were vacancies left on our Board so we were thrilled to welcome Simon Coates, KFC Franchisee; Nichola Newman, former charity CEO, fundraiser and currently a charity consultant who brings expertise in charity governance, fundraising and grant making; Alvin Owusu, recent graduate who runs his own social enterprise and works for Children in Need, to help us on the journey of ensuring our beneficiaries are represented at a board level. All three bring a 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.

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

Paula Mackenzie

Paula Mackenzie
Chair of Trustees

TRUSTEE'S REPORT

The Trustees present their Annual Report and Accounts for the period ended 27th December 2020. In preparing this report and accounts the Trustees have complied with the Charities Act 2011, the Foundation's Constitution and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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

Structure, Governance & Management

Organisational Structure

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

Governance

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

The Foundation is organised so that the Trustees meet quarterly to manage the Foundation's affairs. Trustees and new Trustees are aware of their duties to further the purposes of the Foundation, to ensure that the Foundation carries out its purposes for the public benefit and to act in the best interests of the Foundation by ensuring that resources are responsibly managed. The Trustees are senior leaders in Kentucky Fried Chicken (Great Britain) Limited ("KFC"), from the Franchisee community and externals with charitable experience and thus have the appropriate skills and diligence to be acting as Trustees of the Foundation. In 2020 we also took the decision to appoint a Trustee to represent the voice of our beneficiaries.

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

Management

The key management of the Foundation comprise the Trustees and 1 employee of KFC whose salary is recharged to the Foundation 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, Anastasia Miller Alan Johnson and Julian Thomas).

All four are employees of KFC, Anastasia, Alan and Julian gift their time and expertise to the Foundation (and are therefore not remunerated from Foundation funds), as such between Anastasia and Alan they have volunteered approximately 70 hours and Julian 12 hours during the period of this report. Louise's salary is recharged to the Foundation.

Anastasia Miller 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.

Other employees of KFC also gift their time and expertise to the Foundation where necessary for example for social media, marketing and digital ventures.

Louise Norris manages the Foundation's partnerships with partner organisations on behalf of the Foundation, planning and activating fundraising mechanisms, grant making, communication, 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 create a world in which every young person is empowered to challenge the barriers to aspiration and fulfil their potential to become leaders of the future. And our mission it to empower young people in the UK to fulfil their potential and build a positive future by providing spaces that allow young people to feel safe and secure, helping them to unlock talent, build life skills, provide mentoring and improve their chances to gain meaningful employment. Both have been inspired by the founder of KFC, Colonel Sanders.

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

In May 2020 the Foundation concluded its partnerships with the regional charities that it had been working with for the last 2 years, to move to a more hyper local focussed community grant making programme. The projects that the Foundation makes grants to support work, in many cases, with the most vulnerable young people in their community. They share our passion for empowering young people to help them reach their full potential.

Through its new community grant programme the Foundation was able to support numerous projects and young people in 2020.

Achievements & Performance

How you gave your support in 2020

Our total net income in 2019-2020 was: £869,239

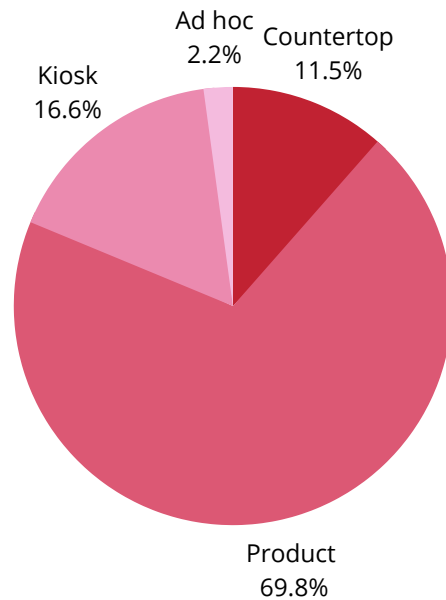
This was made up of:

Countertop donation boxes: £99,085

Product donations: £608,298

Kiosk Donations: £143,291

Ad hoc donations: £18,565



How we used the money you gave in 2020

The Foundation made grants to the following charities in the amounts set out below (expressed as a percentage of the total sum raised during 2019-20):

Charity Name and Charity Number	2019 - 2020		2018 - 2019	
	Amount Donated	Percentage	Amount Donated	Percentage
Kids Inspire – Essex (1129513)	£5,000	0.9%	£22,948	3.3%
Childhood Trust (1154032)	£6,500	1.1%	£13,261	1.9%
Focus Charity (1068467)	£5,000	0.9%	£19,440	2.8%
Mentoring Plus (1112534)	£5,000	0.9%	£26,308	3.8%
London Youth Support (1086850)	£5,000	0.9%	£13,261	1.9%
Young Lives Foundation (1119528)	£5,000	0.9%	£35,124	5.0%
Boys & Girls Club (1009142)	£5,000	0.9%	£12,817	1.8%
Positive Futures (1145598)	£5,000	0.9%	£10,231	1.5%
Young People First (1056035)	£6,000	1.0%	£25,003	3.6%
GMYN (1151897)	£5,000	0.9%	£27,645	3.9%
Action4Youth (1033626)	£5,000	0.9%	£23,610	3.4%
Workingrite CIC (SC042604)	£6,500	1.1%	£21,126	3.0%
Youth Association (519883)	£5,000	0.9%	£25,016	3.6%
Keyfund Federation (1093569)	£5,000	0.9%	£11,512	1.6%
Include Youth (103383)	£5,000	0.9%	£12,695	1.8%
Other Grants £2,000 and under	£44,589	7.6%	-	-
Comic Relief (325658 & SCO39730)	£459,350	78.8%	£400,000	57.1%

What we did in 2020

Despite being a tough year in the sector the Foundation still had a busy one. As noted in the Chair's report we continue to review governance and capability of the Trustee Board. As a result of 2 Trustees resigning we identified the need to backfill a representative of the KFC Franchise Community and a Trustee 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 we were thrilled to appoint Simon Coates and Nichola Newman. Through the recruitment process we had our eyes opened and were inspired to commence a journey of having the voice of our beneficiaries represented at a board level, to that end we were also thrilled to appoint Alvin Owusu.

Community Grant Making

In a landscape where, as a result of the pandemic youth unemployment is at 14.3% and 83% of young people are reporting worsened mental health as a result of the lockdowns we turned our attention to grant making. We ended our 2-year partnerships in May 2020 with a conservative grant to all 15 charities. We are pleased to say we were able to review this again in early 2021 and make an additional final grant to each recipient charity as 2020 did not prove as detrimental from an income perspective as we had first forecast.

In the early part of the year, ahead of the pandemic we ran our now annual raffle at the KFC Restaurant Support Centre to raffle gifts received by employees from suppliers that exceed the gifts policy, raising £951.00. For the first time we also ran a raffle at KFC's Restaurant General Manager Fest raising £3,130 and gave guests the opportunity to bring items of use to our charity partners to donate (toiletries, games, stationery etc) both mechanics were well received.

In Autumn we launched the first grant funding call for our hyper-local community grant making programme, harnessing the power of "charity begins at home". The programme is supporting:

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

Making grants of up to £2,000.

We received 372 grant applications during the first funding call and shortlisted 141 of those applications of which 30 were successfully awarded, the ambition is to grow the programme to support an organisation in every community that KFC is represented in.

Comic Relief Partnership

We continued our partnership with Comic Relief that commenced in 2019 but with the onset of Covid we reviewed our commitment to them and in the partnership agreement with them agreed to spread our £3m commitment over 4 years instead of the originally agreed 3 years to March 2023, offering us the benefit of an additional Red Nose Day campaign to activate against.

We began preparations for the 2021 Red Nose Day campaign which spanned across a variety of platforms; radio, restaurant assets, merchandise, social media etc.

Fundraising

On 23rd March 2020 the UK went into National Lockdown as a result of the coronavirus (Covid-19) outbreak which had spread worldwide and caused extensive disruption to businesses as well as economic activities globally. All non-essential businesses were forced to close, as such all KFC restaurants were closed for a minimum of 2 weeks and Foundation income was switched off overnight. Various degrees of Lockdowns have continued throughout 2020 and 2021 also affecting restaurants in varying degrees. KFC have seen an almost wholesale move to digital payment; we saw the already declining use of charity cash boxes reduce further (62% decline v. prior year). Kiosk payments also suffered a significant level of decline (35% decline v. forecast) as even with restaurants being able to reopen for takeaway many guests preferred to use the drive through or delivery channels available rather than be in restaurant. One upside came through the increased use of delivery channels and the increased purchase of the Sharing Buckets which has the restricted 5p donation to Comic Relief associated with it (17.4% increase v. prior year).

At the time of writing the annual report last year we had predicted a 35% decline in income and we are pleased to report that we in fact closed the year with a 25% decrease in income.

Following the advice issued by the UK Government in March 2020 employees continue working from home and 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.

In addition to making grants and donations the Foundation is keen to build partnerships with the organisations it supports by offering volunteering opportunities to KFC Teams. Another significant downside of Covid has been the inability to offer the opportunity to engage with charity partners through summer events and cooking Christmas dinner which had been growing in popularity. It was obviously impossible for these events to occur but KFC Teams did donate approximately 110 hours to supporting with the shortlisting process of the grant making

Impact

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

TRUSTEE'S REPORT

"The recent grant from the Foundation gave us the opportunity to provide extra assistance and support to vulnerable young people over the Covid 19 health crisis. Activities have included purchasing laptops and tablets for young people, purchasing electric and mobile phone top ups, and extra essential skills and learning resources." **Andrew Armstrong – Partnership Coordinator – Include Youth.**

"Our Wigzee Woo project was also partly funded by the KFC Foundation funding. This project was running on a weekly basis and gave young people who wished to be involved the chance to design and make headpieces for children who may have lost their hair due to medical problems. Wigzee Woo is a charity centred on crocheting wigs for children going through cancer treatment." **Karen Harris – Operations Manager – Positive Futures**

And some feedback from some of the projects from our community grants programme who are just coming to the end of their projects:

"We have been overwhelmed with the great support the KFC Foundation has given us - not just the grant but also products donated by KFC partners which have been amazing – esp. the mental health kit items." **Jane Dyer – Brendan's Bridge**

"Thank you for giving us the opportunity to pilot this incredible programme. We have learnt so much from delivering the programme and despite its success, we now know what to expect and how to make it more impactful in future." **Emmanuel Ebokosia – True Cadence CIC**

The Foundation has met some of its objectives for 2020; it has continued to improve its governance and capability, it reached a mutually beneficial agreement with Comic Relief in regards to its commitment and it transitioned to a small community grant maker starting its journey to have an impact on each community that KFC serves. We did not reach our fundraising target of £1.16m however under the circumstances we had a more positive end of year outcome than had been anticipated in March 2020.

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.

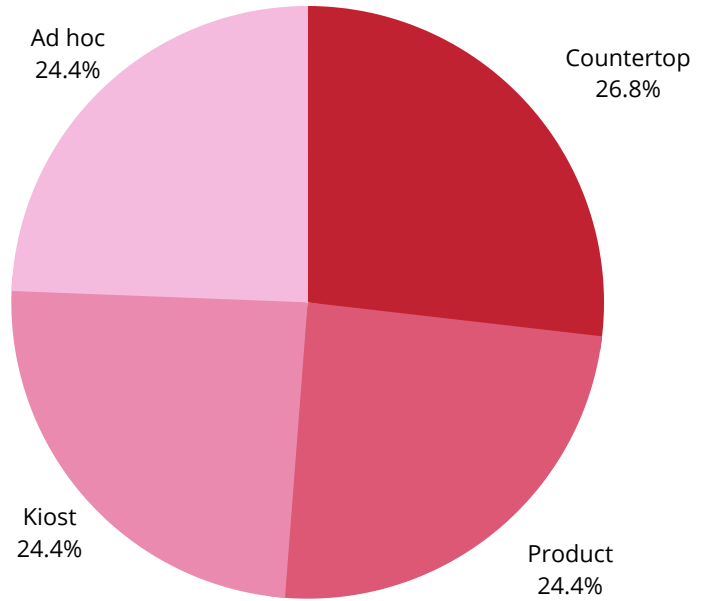
The Trustees review the Foundation's activities against its aims and objectives on an ongoing basis and are satisfied that all activities continue to be related to the Foundation's purpose. The beneficiaries are vulnerable young people, primarily from deprived backgrounds who are at risk of dropping 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 (11%)
- Product contribution (70%)
- Kiosk donations (17%)
- Ad hoc donations (2%)



Assets

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

Investments

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

Reserves

The foundations reserves are continually reviewed considering latest forecasts to ensure the Foundation can cover costs, committed grants and donations. The statement of financial position shows total funds of £759,352 (2019 - £538,660) of which £482,980 are unrestricted funds (2019 - £420,586). £276,372 are restricted and are not available for the general purposes of the charity (2019 - £118,074).

Plans for the Future

In 2020 the Trustees and senior leadership team at KFC UK&I reached a clear position on the role of the Foundation and how it fits with the Comic Relief partnership. The partnership with Comic Relief continues to be with the KFC Foundation created to drive awareness of the Foundation and its mission among KFC guests, awareness of the Foundation currently stands at 18% among guests. The projects supported through Comic Relief are absolutely in line with the mission of the Foundation, but they are much larger grants to much larger organisations with greater geographical reach.

The role of the Foundation is to harness the power of “charity starts at home” supporting organisations in the heart of communities that KFC serves, helping to make KFC Teams proud to work for KFC. Of the 30 grants that were made in 2020, 27 were within 3 miles of a restaurant. We want to grow this grant programme so we are supporting an organisation in every community that KFC is represented in and are working to understand how we can build a more relational approach with everyone we interact with and with our grantees how can we create symbiotic relationships that make us all more sustainable.

We are also commencing a journey to empower young people within the Foundation; how we harness the voices of young people to ensure we are investing where we should and to promote young people's leadership as community leaders of the future.

We are also taking a number of steps to invest in the resource of the Foundation, we will be recruiting for an entry level administrator who will be representative of our beneficiaries to support with grant making, communications and empowering young people within the Foundation. The Foundation will also be making an investment in headcount in the KFC Marketing Team by subsidising a person to support with the Comic Relief campaign and marketing of the Foundation.

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 Foundation beneficiaries all work with vulnerable young people they have all been allowed to continue to operate face to face in small numbers and with social distancing in place through all subsequent lockdowns, requiring financial support more than ever. Future Lockdowns pose a risk to the Foundation income but we do not anticipate that future Lockdowns will result in the wholesale closure of restaurants as we saw in March 2020. However, should such a circumstance occur 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.



TRUSTEE'S REPORT

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 or as a result of further lockdowns forcing restaurant closures), the reputational risk created by KFC UK&I's franchise model and our inability to separate funds and the conflict of interest of the KFC UK&I leadership team sitting on the Board of Trustees. We are mitigating against a decrease in income by exploring other fundraising avenues which are less reliant on a donors physical presence in KFC restaurants, we are closely monitoring and forecasting income levels and adapting our expenditure in accordance and we are maintaining close communication with all partners (Comic Relief, partner organisations and franchisees) to manage expectations about commitments. In terms of separation of funds this is something we monitor very closely; we are able to track and report on donations made in every restaurant and we have strict deadlines in place for recovering funds and processes in place to ensure the timely payment of Foundation invoices.

Finally, conflict of interest is an inherent risk with members of the KFC Leadership Team sitting on the Foundation board however we have agreed the protocol for the disclosure of potential conflicts, procedures for Trustees standing down on certain decisions and this is documented in our Conflict of Interest policy.

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 2019/20) and we always seek to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches or undue pressure to donate.

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 income and expenditure for that period.

TRUSTEE'S REPORT

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 7th September 2021 and signed on its behalf.

Paula Mackenzie

Paula Mackenzie
Chair of Trustees

For further information contact:

KFC FOUNDATION
Orion Gate, Guildford Road, Woking, GU22

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KFC FOUNDATION

Opinion

We have audited the financial statements of KFC Foundation (the 'charity') for the period ended 27 December 2020 which comprise the statement of financial activities, the statement of financial position, the statement of cash flows and the notes to the financial statements, including the accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 27 December 2020 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Financial statements (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KFC FOUNDATION

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of Trustees

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KFC FOUNDATION

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:

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KFC FOUNDATION

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.

Use of our report

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



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

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

STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Period from 30 Dec 2019 to 27 Dec 2020 £			Period from 24 Dec 18 to 29 Dec 2019 £		
		Unrestrict ed funds	Restricted funds	Total funds	Unrestrict ed funds	Restricted funds	Total funds
Income from Donations							
Counter Top Takings	3	99,085	-	99,085	257,337	-	257,337
Product Contribution	3	-	608,298	608,298	-	518,074	518,074
Scratch Cards	3	-	-	-	257,626	-	257,626
Kiosk Donation		143,291	-	143,291	64,469	-	64,469
Other Donation	3	9,215	9,350	18,565	87,224	-	87,224
Total Income		251,591	617,648	869,239	666,656	518,074	1,184,730
Expenditure on Charitable Activities							
Donations to Charity		(123,589)	(459,350)	(582,939)	(298,997)	(400,000)	(698,997)
Support costs	4	(65,608)	-	(65,608)	(89,489)	-	(89,489)
Total Expenditure		(189,197)	(459,350)	(648,547)	(388,486)	(400,000)	(788,486)
Net Movement in Funds		62,394	158,298	220,692	278,170	118,074	396,244
Reconciliation of Funds:							
Fund balances at 29 December 2019		420,586	118,074	538,660	142,416	-	142,416
Fund balances at 27 December 2020		482,980	276,372	759,352	420,586	-	538,660

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

The notes on pages 20-25 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Notes	27 Dec 2020 £	29 Dec 2019 £
Current Assets			
Cash at bank and in hand		684,944	259,524
Debtors	6	100,704	315,546
Liability			
Creditors falling due within one year	7	(26,296)	(36,410)
Net Assets		759,352	538,660
Funds:			
Restricted Funds	8	276,372	118,074
Unrestricted General Fund	8	482,980	420,586
		759,352	538,660

The financial statements were approved and authorised for issue by the Board of Trustees on 7th September 2021 and signed on its behalf:

Paula Mackenzie

Paula Mackenzie
Chair of Trustees

The notes on pages 20-25 form part of these financial statements.

STATEMENT OF CASH FLOWS

	Notes	Total funds 2020 £	Total funds 2019 £
Net cash provided by operating activities	9	425,420	179,633
Change in cash and cash equivalents in the period		425,420	179,633
Cash at start of the period		259,524	79,891
Cash at end of the period		684,944	259,524

The notes on pages 20-25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 30 December 2019 to 27 December 2020 with comparative information given in respect to the period from 24 December 2018 to 29 December 2019.

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

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

The KFC Foundation is a public benefit entity.

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

Critical accounting estimates and areas of judgement

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

Fund accounting

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

Income recognition

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

Donated services and facilities

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

Expenditure recognition

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

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

1. Accounting Policies (continued)

Expenditure recognition (continued)

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

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

Cash at bank and in hand

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

Debtors

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

Creditors

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

Financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

Going concern

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. Future Lockdowns pose a risk to the Foundation income but we do not anticipate that future Lockdowns will result in the wholesale closure of restaurants as we saw in March 2020. However, should such a circumstance occur 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.

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 £48 (2019: £107) were reimbursed to one Trustee (2019: one). There are no other related party transactions that require disclosure in the financial statements (2019: none).

3 Income

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

	Unrestrict ed	Restrict ed	30 Dec 2019 to 27 Dec 2020 Total £
Scratch cards - franchisees of KFC	-	-	-
Scratch cards - KFC	-	-	-
KFC - product contribution	-	56,692	56,692
Franchisees of KFC - product contribution	-	551,606	551,606
KFC <u>counter top</u> donations	9,052	-	9,052
Franchisees of KFC - <u>counter top</u> donations	90,033	-	90,033
KFC - kiosk donations	10,470	-	10,470
Franchisees of KFC- kiosk donations	132,822	-	132,822
Other donations	8,813	9,350	18,163
Pennies for change	401	-	401
Gift in kind	-	-	-
	<u>251,591</u>	<u>617,648</u>	<u>869,239</u>

NOTES TO THE FINANCIAL STATEMENTS

	<i>Unrestricte d</i>	<i>Restricte d</i>	<i>24 Dec 2018 to 29 Dec 2019 Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
<i>Scratch cards - franchisees of KFC</i>	239,913	-	239,913
<i>Scratch cards - KFC</i>	17,713	-	17,713
<i>KFC - product contribution</i>	-	47,022	47,022
<i>Franchisees of KFC - product contribution</i>	-	471,052	471,052
<i>KFC <u>counter top</u> donations</i>	20,666	-	20,666
<i>Franchisees of KFC - <u>counter top</u> donations</i>	236,671	-	236,671
<i>KFC - kiosk donations</i>	5,563	-	5,563
<i>Franchisees of KFC- kiosk donations</i>	58,906	-	58,906
<i>Other donations</i>	58,344	-	58,344
<i>Pennies for change</i>	620	-	620
<i>Gift in kind</i>	28,260	-	28,260
	<u>666,656</u>	<u>518,074</u>	<u>1,184,730</u>

4 Support costs

	<i>Unrestricted</i>	<i>30 Dec 2019 to 27 Dec 2020 Total</i>	<i>24 Dec 2018 to 29 Dec 2019 Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Bank charges	679	679	630
Consultant fees	2,830	2,830	21,244
Audit fees	10,000	10,000	10,000
Gift in kind	-	-	28,260
Staff costs	44,641	44,641	29,335
Other Expense	7,458	7,458	-
	<u>65,608</u>	<u>65,608</u>	<u>89,489</u>
Total support costs	65,608	65,608	89,489

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

	<i>Unrestricted</i>	<i>30 Dec 2019 to 27 Dec 2020 Total</i>	<i>24 Dec 2018 to 29 Dec 2019 Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Consultant fees	1,380	1,380	9,242
Audit fees	10,000	10,000	10,000
	<u>11,380</u>	<u>11,380</u>	<u>19,242</u>
Total governance costs	11,380	11,380	19,242

NOTES TO THE FINANCIAL STATEMENTS

5 Salaries & Wages Disclosures

(a) Staff costs

Staff costs during the period were:

	30 Dec 2019 to 27 Dec 2020	24 Dec 2018 to 29 Dec 2019
	£	£
Wages and salaries	37,367	24,467
Social security costs	3,506	2,177
Pension costs	3,768	2,691
	44,641	29,335

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

(b) Staff numbers

The average number of persons (including the senior management team) employed during the period ended 27 December 2020 was 1 (2019 - 1).

(c) Higher paid staff

No employees earned over £60,000 in the period (2019 - none).

(d) Key management personnel

The key management personnel of the Foundation comprise of the Trustees and a KFC employee whose salary is recharged to the foundation. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Foundation was £44,641 (2019 - £29,335).

6 Debtors

	27 Dec 2020	29 Dec 2019
	£	£
KFC GB Ltd	10,847	9,914
Franchises of KFC GB Ltd	89,857	305,632
	100,704	315,546

7 Creditors

	27 Dec 2020	29 Dec 2019
	£	£
Audit fees accrual	18,800	19,600
Trade creditors	7,496	16,810
	26,296	36,410

NOTES TO THE FINANCIAL STATEMENTS

8 Analysis of net assets between funds

	Unrestricted General fund £	Restricted funds £	Total funds 27 Dec 2020 £	Unrestricted General fund £	Restricted funds £	Total funds 29 Dec 2019 £
Fund balances at the period end are represented by:						
Current assets	509,276	276,372	785,648	456,996	118,074	575,070
Current liabilities	(26,296)	-	(26,296)	(36,410)	-	(36,410)
Total net assets	482,980	276,372	759,352	420,586	118,074	538,660

The restricted funds in 2019 & 2020 relate to income received from product contributions which will be given as donations to Comic Relief.

9 Net cash provided by operating activities

	30 Dec 2019 to 27 Dec 2020 £	24 Dec 2018 to 29 Dec 2019 £
Net movement in funds	220,692	396,244
Decrease/(increase) in debtors	214,842	(243,421)
(Decrease)/increase in creditors	(10,114)	26,810
	425,420	179,633