

COMPANY REGISTRATION NUMBER 00967403

**KENTUCKY FRIED CHICKEN (GREAT BRITAIN)
LIMITED**

FINANCIAL STATEMENTS

PERIOD ENDED

29 NOVEMBER 2015

WEDNESDAY



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KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

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KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

MRF Shuker
JD Watts (Resigned 16 December 2014)
PJ MacKenzie
CR Fells (Appointed 2 February 2015)
CR Holmes (Appointed 1 December 2015)

Company secretary

G Taylor (Resigned 1 April 2016)
C Boynton (Appointed 11 July 2016)

Registered office

Orion Gate
Guildford Road
Woking
Surrey
GU22 7NJ

Auditor

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

Bankers

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

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

STRATEGIC REPORT

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

BUSINESS REVIEW

The business has continued to grow this financial period. We have continued to develop our new products and new sales layers, whilst strong advertising and continuing investment in enhancing and maintaining our restaurant estate have helped sales in this tough macro-economic climate (same store sales growth increasing by 2.1%), there was a 2.7% decrease in total sales to £465.3m (2014: £478.1m) which was due to closures and refranchising.

Operating profit margin of 12.2% has increased when compared to that of the prior year (2014: 10.3%). This is due to commodity cost deflation and a change in the sales mix along with the upside from 2014 store closures and refranchising and other cost saving initiatives implemented across the business during the year under review. There was a decrease in other operating income to £5.0m (2014: £6.5m) mainly attributable to the refranchising which occurred at the end of 2014. Operating profit was £56.9m compared to £49.0m in 2014

The company has net assets of £106.1m as at the end of the 2015 financial period.

PRINCIPAL RISKS AND UNCERTAINTIES

The Quick Service Restaurant industry remains a strong competitive environment within a difficult economic climate. As a business we continue to invest in new stores and our existing estate, new product layers and are continuously looking at new and innovative design and trade concepts that drive increased transactional market share and sales year on year.

Interest Rate Risk

The company finances its operations through generated cash flows and retained profits in line with group investment requirements. As a result, minimal risk is associated with this area.

Liquidity Risk

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

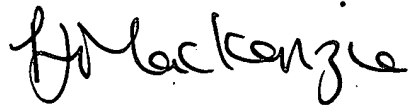
FUTURE DEVELOPMENTS

A key element of our ongoing strategy is to review our estate to identify where franchise ownership represents greater growth potential for the Brand in our market. This is a positive indication of our plans to focus our resources for future growth and to enable franchisee to grow and add value, especially where there are synergies with adjacent ownerships and assets.

Signed on behalf of the directors

PJ MacKenzie

Director



Approved by the directors on 19 August 2016

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

DIRECTORS' REPORT

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

The directors present their report and the financial statements of the company for the period from 1 December 2014 to 29 November 2015.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £40,364,000. Particulars of dividends paid are detailed in note 11 to the financial statements.

DIRECTORS

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

| | |
|--------------|-----------------------------|
| MRF Shuker | |
| PJ MacKenzie | |
| CR Fells | (Appointed 2 February 2015) |
| JD Watts | (Resigned 16 December 2014) |

JD Watts resigned on 16 December 2014 and CR Holmes was appointed as a director on 1 December 2015.

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

PRINCIPAL ACTIVITIES

The principal activity of the company during the period continued to be the sale of KFC products through company-owned stores and the receipt of income from Franchisees of the KFC trademarks and processes in the UK and via its branch in Germany.

The company has an accounting reference date of 30 November and makes up its accounts to a Sunday near that date, therefore it has a 52 or 53 week accounting period.

DISABLED EMPLOYEES

As an equal opportunity employer, it is the company's policy to give full and fair consideration to every application for employment from disabled persons, bearing in mind the abilities and aptitudes of the applicants in relation to available vacancies. Where existing employees become disabled their services will be retained wherever practicable.

EMPLOYEE INVOLVEMENT

The directors consider that the involvement of employees is important to the success of the company. Employees are regularly informed of the company's performance and progress at both formal and informal meetings.

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

DIRECTORS' REPORT *(continued)*

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

AUDITOR

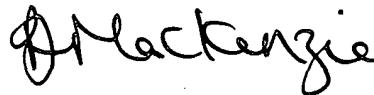
The company has passed elective resolutions whereby it has dispensed with the requirements to hold an annual general meeting in each year, to lay the accounts in general meeting and to reappoint the auditors on an annual basis. Accordingly the auditors are deemed to be reappointed in accordance with the provisions of Section 487 of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office:
Orion Gate
Guildford Road
Woking
Surrey
GU22 7NJ

Signed on behalf of the directors



PJ MacKenzie

Director

Approved by the directors on 19 August 2016

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED**

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

We have audited the financial statements of Kentucky Fried Chicken (Great Britain) Limited for the period from 1 December 2014 to 29 November 2015 on pages 8 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED (continued)**

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 November 2015 and of its profit 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 Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Jeremy Hall (Senior Statutory Auditor)
For and on behalf of
KPMG LLP
Chartered Accountants & Statutory Auditor

15 Canada Square
London
United Kingdom
E14 5GL

19/08/16
.....

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

| | Note | Period from 1 Dec 14 to 29 Nov 15 £000 | Period from 2 Dec 13 to 30 Nov 14 £000 |
|--|-----------|---|---|
| TURNOVER | 3 | 465,334 | 478,123 |
| Cost of sales | | <u>(232,393)</u> | <u>(247,061)</u> |
| GROSS PROFIT | | 232,941 | 231,062 |
| Administrative expenses | | <u>(180,989)</u> | <u>(188,551)</u> |
| Other operating income | 4 | <u>4,959</u> | <u>6,504</u> |
| OPERATING PROFIT | 5 | 56,911 | 49,015 |
| Interest receivable | 8 | <u>789</u> | <u>481</u> |
| Interest payable and similar charges | 9 | <u>(1,754)</u> | <u>(2,173)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 55,946 | 47,323 |
| Tax on profit on ordinary activities | 10 | <u>(15,582)</u> | <u>(10,864)</u> |
| PROFIT FOR THE FINANCIAL PERIOD | | <u>40,364</u> | <u>36,459</u> |

All of the activities of the company are classed as continuing.

There is no difference between the company's profit and loss account and the historical cost profits and losses. Accordingly no note of historical profits and losses for the period has been presented.

The notes on pages 11 to 28 form part of these financial statements.

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

| | Period from 1 Dec 14 to 29 Nov 15 £000 | Period from 2 Dec 13 to 30 Nov 14 £000 |
|--|---|---|
| Profit for the financial period attributable to the shareholders | 40,364 | 36,459 |
| Actuarial loss recognised in the pension scheme | (2,050) | - |
| Currency translation differences on foreign currency net investments | 8,867 | 2,810 |
| Total gains and losses recognised since the last annual report | <u>47,181</u> | <u>39,269</u> |

The notes on pages 11 to 28 form part of these financial statements.

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

BALANCE SHEET

29 NOVEMBER 2015

| | Note | £000 | 29 Nov 15 £000 | 30 Nov 14 £000 |
|--|------|------------------|-------------------|-------------------|
| FIXED ASSETS | | | | |
| Intangible assets | 12 | | 6,994 | 8,879 |
| Tangible assets | 13 | | 243,228 | 238,264 |
| Investments | 14 | | 917 | 917 |
| | | | <u>251,139</u> | <u>248,060</u> |
| CURRENT ASSETS | | | | |
| Stocks | 15 | 2,115 | | 2,206 |
| Debtors | 16 | 51,862 | | 56,737 |
| Cash at bank and in hand | | 49,279 | | 100,999 |
| | | <u>103,256</u> | | <u>159,942</u> |
| CREDITORS: Amounts falling due within one year | 18 | (243,027) | | (231,310) |
| NET CURRENT LIABILITIES | | | (139,771) | (71,368) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 111,368 | 176,692 |
| CREDITORS: Amounts falling due after more than one year | 19 | | (5,225) | (4,924) |
| | | | <u>106,143</u> | <u>171,768</u> |
| CAPITAL AND RESERVES | | | | |
| Called up equity share capital | 23 | | 18,000 | 18,000 |
| Share premium account | 24 | | 16,283 | 16,283 |
| Profit and loss account | 25 | | 71,860 | 137,485 |
| SHAREHOLDERS' FUNDS | 26 | | 106,143 | 171,768 |

These accounts were approved by the directors and authorised for issue on 19 November 2016 and are signed on their behalf by:

PJ Mackenzie

.....
PJ Mackenzie

Company Registration Number: 00967403

The notes on pages 11 to 28 form part of these financial statements.

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

1. ACCOUNTING REFERENCE DATE

Since it is part of a retail group, the company operates a 52 or 53 week accounting year rather than a full calendar year.

2. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidation

The company was, at the end of the period, a wholly-owned subsidiary of another company incorporated outside the EEA and in accordance with Section 401 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

Cash flow statement

The directors have taken advantage of the exemption in FRS 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Related parties transactions

As 100% of the company's voting rights are controlled within the group headed by Yum! Brands, Inc., the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Turnover

Turnover comprises sales of KFC food and drinks at company owned stores and royalties and fees from franchise licences.

Amortisation

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

| | | |
|-----------|---|---|
| Goodwill | - | 20 years |
| Key Money | - | Lesser of 20 years or the life of the lease |

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

| | | |
|-------------------------|---|------------|
| Freehold Buildings | - | 20 years |
| Leasehold Improvements | - | 20 years |
| Machinery and Equipment | - | 3-15 years |

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

2. ACCOUNTING POLICIES *(continued)*

All buildings held on lease of less than twenty years are amortised over the unexpired term. No depreciation is provided in respect of land.

Reviews are carried out if there is some indication that impairment may have occurred, to ensure that fixed assets are not carried above their recoverable amounts.

Profit or loss on the sale of property is the difference between the disposal proceeds and the net book value.

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

In accordance with SSAP 21 rental charges on all operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Pension costs

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

The company also operates a defined benefit scheme for employees (closed to future accrual of benefits from 1 July 2011). The assets of the scheme are held separately from those of the company. The contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from the regular costs are spread over the average expected remaining working lives of current members in the scheme.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of the exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

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

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

2. ACCOUNTING POLICIES *(continued)*

Share-based payments

The ultimate parent company, Yum! Brands, Inc., operates a number of share based incentive schemes (awards of shares and options). These share option programmes allow employees to acquire shares of the ultimate parent company, Yum! Brands, Inc.

The fair value of the options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes Model, taking into account the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting. Where the Company's parent grants rights to its equity instruments to the Company employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Company accounts for these share-based payments as equity settled.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Investments

Fixed asset investments are stated at cost unless there is considered to be a permanent diminution in value, in which case a provision is made to write them down to realisable value.

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate notwithstanding net current liabilities of £139,771,000. Despite having a deficiency of net current assets, Kentucky Fried Chicken (Great Britain) Limited has and shall continue to cover its own working capital needs however Yum! Brands, Inc. confirms that it intends to continue to provide financial and other support to Kentucky Fried Chicken (Great Britain) Limited for at least the next twelve months from the date of approval of these financial statements which would enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

2. ACCOUNTING POLICIES *(continued)*

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the period in which it is incurred.

Dividends on shares presented within shareholders' funds

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

Cash

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

3. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

| | Period from 1 Dec 14 to 29 Nov 15 £000 | Period from 2 Dec 13 to 30 Nov 14 £000 |
|------------------------------|---|---|
| Company store sales | 418,301 | 438,493 |
| Franchise royalties and fees | 47,033 | 39,630 |
| | <u>465,334</u> | <u>478,123</u> |

The split of turnover by geographical segment is shown below:

| | Period from 1 Dec 14 to 29 Nov 15 £000 | Period from 2 Dec 13 to 30 Nov 14 £000 |
|----------------|---|---|
| Europe | 73,082 | 76,455 |
| United Kingdom | 392,252 | 401,668 |
| | <u>465,334</u> | <u>478,123</u> |

4. OTHER OPERATING INCOME

| | Period from 1 Dec 14 to 29 Nov 15 £000 | Period from 2 Dec 13 to 30 Nov 14 £000 |
|------------------------|---|---|
| Rent receivable | 259 | 178 |
| Commission receivable | 39 | 403 |
| Distribution income | 3,256 | 2,583 |
| Other operating income | 1,405 | 3,340 |
| | <u>4,959</u> | <u>6,504</u> |

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

| | Period from 1 Dec 14 to 29 Nov 15 £000 | Period from 2 Dec 13 to 30 Nov 14 £000 |
|---|---|---|
| Amortisation of intangible assets | 1,581 | 1,636 |
| Depreciation of owned fixed assets | 28,706 | 30,016 |
| Impairment of owned fixed assets | 2,398 | 1,932 |
| Loss on disposal of fixed assets | 1,012 | 945 |
| Operating lease costs: | | |
| - Plant and equipment | 898 | 904 |
| - Land and buildings | 20,379 | 21,885 |
| Net (profit)/loss on foreign currency translation | (4) | 1 |

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered:

| | Period from 1 Dec 14 to 29 Nov 15 £000 | Period from 2 Dec 13 to 30 Nov 14 £000 |
|------------------------------|---|---|
| Audit of financial statement | 106 | 96 |
| Tax compliance services | 15 | 15 |
| Other tax advisory services | 17 | 43 |
| Other assurance services | 1 | 3 |
| | <u>139</u> | <u>157</u> |

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

6. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to:

| | Period from 1 Dec 14 to 29 Nov 15 | Period from 2 Dec 13 to 30 Nov 14 |
|------------------------|---|---|
| | No | No |
| Sales and distribution | 7,706 | 7,557 |
| Administration | 711 | 618 |
| | <u>8,417</u> | <u>8,175</u> |

The aggregate payroll costs of the above were:

| | Period from 1 Dec 14 to 29 Nov 15 | Period from 2 Dec 13 to 30 Nov 14 |
|-------------------------------------|---|---|
| | £000 | £000 |
| Wages and salaries | 121,575 | 120,603 |
| Social security costs | 9,821 | 10,398 |
| Other pension costs | 3,680 | 3,391 |
| Equity-settled share-based payments | 679 | 555 |
| | <u>135,755</u> | <u>134,947</u> |

7. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

| | Period from 1 Dec 14 to 29 Nov 15 | Period from 2 Dec 13 to 30 Nov 14 |
|--|---|---|
| | £000 | £000 |
| Remuneration receivable | 1,203 | 790 |
| Value of company pension contributions to money purchase schemes | 146 | 123 |
| Amounts receivable under long-term incentive schemes: | 190 | 111 |
| | <u>1,539</u> | <u>1,024</u> |

Remuneration of highest paid director:

| | Period from 1 Dec 14 to 29 Nov 15 | Period from 2 Dec 13 to 30 Nov 14 |
|--|---|---|
| | £000 | £000 |
| Total remuneration (excluding pension contributions) | 713 | 366 |
| Value of company pension contributions to money purchase schemes | 59 | 51 |
| Amounts receivable under long-term incentive schemes | - | 111 |
| | <u>772</u> | <u>528</u> |

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

7. DIRECTORS' REMUNERATION *(continued)*

The number of directors who exercised share options was 3 (2014: 1).

The number of directors in respect of whose services shares were received or receivable under long-term incentive schemes was 3 (2014: 3).

Retirement benefits are accruing to 3 (2014: 4) directors under defined contribution schemes.

8. INTEREST RECEIVABLE

| | Period from 1 Dec 14 to 29 Nov 15 £000 | Period from 2 Dec 13 to 30 Nov 14 £000 |
|----------------------------------|---|---|
| Other loan interest receivable | 439 | 298 |
| Interest from group undertakings | 350 | 183 |
| | <u>789</u> | <u>481</u> |

9. INTEREST PAYABLE AND SIMILAR CHARGES

| | Period from 1 Dec 14 to 29 Nov 15 £000 | Period from 2 Dec 13 to 30 Nov 14 £000 |
|--------------------------------------|---|---|
| Interest owing to group undertakings | <u>1,754</u> | <u>2,173</u> |

10. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

| | Period from 1 Dec 14 to 29 Nov 15 £000 | Period from 2 Dec 13 to 30 Nov 14 £000 |
|--|---|---|
| Current tax: | | |
| In respect of the period: | | |
| UK Corporation tax based on the results for the period at 20.33% (2014 21.65%) | 13,106 | 12,692 |
| Adjustment in respect of prior periods | 86 | (69) |
| Total current tax | <u>13,192</u> | <u>12,623</u> |
| Deferred tax: | | |
| Origination and reversal of timing differences | <u>2,390</u> | <u>(1,759)</u> |
| Tax on profit on ordinary activities | <u>15,582</u> | <u>10,864</u> |

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

10. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

| | Period from 1 Dec 14 to 29 Nov 15 £000 | Period from 2 Dec 13 to 30 Nov 14 £000 |
|--|---|---|
| Profit on ordinary activities before taxation | <u>55,946</u> | <u>47,323</u> |
| Profit on ordinary activities by rate of tax | 11,373 | 10,245 |
| Expenses not deductible for tax purposes | 3,059 | 3,063 |
| Capital allowances for period in excess of depreciation | (1,326) | (616) |
| Adjustments to tax charge in respect of previous periods | <u>86</u> | <u>(69)</u> |
| Total current tax (note 10(a)) | <u>13,192</u> | <u>12,623</u> |

(c) Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset as 29 November 2015 has been calculated on these rates.

11. DIVIDEND PAID

Equity dividends

| | Period from 1 Dec 14 to 29 Nov 15 £000 | Period from 2 Dec 13 to 30 Nov 14 £000 |
|---------------|---|---|
| Dividend paid | <u>112,961</u> | <u>-</u> |

An ordinary resolution was passed that recommended a dividend in the amount of £112,960,809 be paid on 18 November 2015 to the shareholder of the Company, Yum! Restaurant Holdings.

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

12. INTANGIBLE ASSETS

| | Goodwill £000 | Key Money £000 | Total £000 |
|----------------------------|------------------|-------------------|---------------|
| COST | | | |
| At 1 December 2014 | 29,588 | 2,678 | 32,266 |
| Additions | - | 213 | 213 |
| Disposals | (158) | (612) | (770) |
| Foreign exchange | (48) | (96) | (144) |
| At 29 November 2015 | 29,382 | 2,183 | 31,565 |
| AMORTISATION | | | |
| At 1 December 2014 | 22,124 | 1,263 | 23,387 |
| Charge for the period | 1,479 | 102 | 1,581 |
| On disposals | - | (367) | (367) |
| Foreign exchange | (20) | (10) | (30) |
| At 29 November 2015 | 23,583 | 988 | 24,571 |
| NET BOOK VALUE | | | |
| At 29 November 2015 | 5,799 | 1,195 | 6,994 |
| At 30 November 2014 | 7,464 | 1,415 | 8,879 |

13. TANGIBLE ASSETS

| | Freehold land and buildings £000 | Leasehold improvements £000 | Machinery and equipment £000 | Total £000 |
|----------------------------|--|-----------------------------------|---------------------------------------|----------------|
| COST OR VALUATION | | | | |
| At 1 December 2014 | 131,560 | 152,645 | 127,171 | 411,376 |
| Additions | 25,993 | 14,113 | 13,753 | 53,859 |
| Disposals | (8,163) | (3,394) | (7,792) | (19,349) |
| Foreign exchange | (4,897) | (4,870) | (2,965) | (12,732) |
| Transfers | 12,315 | (13,533) | 1,218 | - |
| At 29 November 2015 | 156,808 | 144,961 | 131,385 | 433,154 |
| DEPRECIATION | | | | |
| At 1 December 2014 | 34,431 | 57,976 | 80,705 | 173,112 |
| Charge for the period | 12,309 | 993 | 15,404 | 28,706 |
| Impairment for the period | 285 | 1,390 | 723 | 2,398 |
| On disposals | (4,067) | (756) | (5,560) | (10,383) |
| Foreign exchange | (761) | (1,222) | (1,924) | (3,907) |
| At 29 November 2015 | 42,197 | 58,381 | 89,348 | 189,926 |
| NET BOOK VALUE | | | | |
| At 29 November 2015 | 114,611 | 86,580 | 42,037 | 243,228 |
| At 30 November 2014 | 97,129 | 94,669 | 46,466 | 238,264 |

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

14. INVESTMENTS

| | Total £000 |
|--|-----------------------|
| COST | |
| At 1 December 2014 and 29 November 2015 | <u>917</u> |
| NET BOOK VALUE | |
| At 29 November 2015 and 30 November 2014 | <u>917</u> |

Group investments

The undertakings in which the company's interest at the period is as follows:

| Name | Country of Incorporation | Holding | Principal Activity |
|---|-----------------------------|----------------------|--------------------------|
| KFC Advertising Limited | England | 100% ordinary shares | Advertising Co-operative |
| Valleythorn Limited | England | 100% ordinary shares | Non-trading |
| Finger Lickin' Chicken Limited | England | 100% ordinary shares | Non-trading |
| Southern Fast Foods Limited | England | 100% ordinary shares | Non-trading |
| Kentucky Fried Chicken (Great Britain) Services Limited | England | 100% ordinary shares | Service Company |

In the opinion of the directors, the investments in the company's subsidiary undertakings are worth at least the amount at which they are stated in the financial statements.

15. STOCKS

| | 29 Nov 15 £000 | 30 Nov 14 £000 |
|--------------------|-------------------|-------------------|
| Food and packaging | <u>2,115</u> | <u>2,206</u> |

16. DEBTORS

| | 29 Nov 15 £000 | 30 Nov 14 £000 |
|------------------------------------|-------------------|-------------------|
| Trade debtors | 15,782 | 12,462 |
| Amounts owed by group undertakings | 10,979 | 25,213 |
| Corporation tax repayable | - | 225 |
| Other debtors | 10,342 | 9,813 |
| Prepayments and accrued income | 12,838 | 4,713 |
| Deferred taxation (note 17) | 1,921 | 4,311 |
| | <u>51,862</u> | <u>56,737</u> |

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

17. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

| | Period from 1 Dec 14 to 29 Nov 15 £000 | Period from 2 Dec 13 to 30 Nov 14 £000 |
|-------------------------------|---|---|
| Included in debtors (note 16) | <u>1,921</u> | <u>4,311</u> |

The movement in the deferred taxation account during the period was:

| | Period from 1 Dec 14 to 29 Nov 15 £000 | Period from 2 Dec 13 to 30 Nov 14 £000 |
|--|---|---|
| Balance brought forward | 4,311 | 2,552 |
| Profit and loss account movement arising during the period | (2,390) | 1,759 |
| Balance carried forward | <u>1,921</u> | <u>4,311</u> |

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

| | 29 Nov 15 £000 | 30 Nov 14 £000 |
|---|-------------------|-------------------|
| Excess of depreciation over taxation allowances | (198) | 2,354 |
| Short term timing differences | 394 | 469 |
| Other timing differences | 1,725 | 1,488 |
| | <u>1,921</u> | <u>4,311</u> |

18. CREDITORS: Amounts falling due within one year

| | 29 Nov 15 £000 | 30 Nov 14 £000 |
|------------------------------------|-------------------|-------------------|
| Overdrafts | 5,617 | 118,994 |
| Trade creditors | 5,870 | 9,219 |
| Amounts owed to group undertakings | 166,299 | 55,378 |
| Corporation tax | 1,327 | - |
| Other taxation | 16,472 | 6,747 |
| Other creditors | 591 | 154 |
| | <u>196,176</u> | <u>190,492</u> |
| Accruals and deferred income | 46,851 | 40,818 |
| | <u>243,027</u> | <u>231,310</u> |

Kentucky Fried Chicken (Great Britain) Limited participates in a notional cash pooling arrangement whereby it borrows funds from third party Bank Mendes Gans using Yum's consolidated cash position as collateral to make short term investments or deposits. These borrowings are shown under overdraft.

19. CREDITORS: Amounts falling due after more than one year

| | 29 Nov 15 £000 | 30 Nov 14 £000 |
|------------------------------|-------------------|-------------------|
| Accruals and deferred income | <u>5,225</u> | <u>4,924</u> |

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

20. SHARE-BASED PAYMENTS

Equity-settled share-based payments

Share options in the ultimate holding company Yum! Brands Inc are granted to certain senior employees on a discretionary basis. The exercise price of the granted options is equal to the market price of the shares on the date of the grant. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The number and weighted average exercise prices of share options for YUMBUCKS are as follows:

| | 2015 Weighted average exercise price US\$ | 2015 Number of options | 2014 Weighted average exercise price US\$ | 2014 Number of options |
|--|---|------------------------------|---|------------------------------|
| Outstanding at the beginning of the period | \$47.15 | 150,697 | \$46.87 | 171,027 |
| Granted during the period | \$78.06 | 33,461 | \$75.71 | 16,192 |
| Exercised during the period | \$83.49 | (23,837) | \$76.40 | (36,975) |
| Transfers in during the year | - | - | \$65.05 | 9,958 |
| Lapsed during the period | \$48.43 | (32,855) | \$51.04 | (9,505) |
| Outstanding at the end of the period | \$62.33 | 127,466 | \$47.15 | 150,697 |
| Exercisable at the end of the period | \$38.42 | 43,933 | \$34.43 | 65,259 |

The number and weighted average exercise prices of share options for SOIP are as follows:

| | 2015 Weighted average exercise price US\$ | 2015 Number of options | 2014 Weighted average exercise price US\$ | 2014 Number of options |
|--|---|------------------------------|---|------------------------------|
| Outstanding at the beginning of the period | \$50.14 | 314,794 | \$43.68 | 297,335 |
| Granted during the period | \$72.23 | 49,541 | \$71.62 | 64,126 |
| Exercised during the period | \$82.52 | (15,221) | \$76.31 | (20,060) |
| Transfers in during the year | - | - | \$63.72 | 20,724 |
| Transfers out during the year | \$55.72 | (9,032) | \$48.57 | (36,310) |
| Lapsed during the period | \$64.23 | (23,599) | \$60.30 | (11,021) |
| Outstanding at the end of the period | \$53.38 | 316,483 | \$50.14 | 314,794 |
| Exercisable at the end of the period | \$47.01 | 235,646 | \$42.59 | 222,201 |

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

20. SHARE-BASED PAYMENTS *(continued)*

The weighted average share price at the date of exercise of share options exercised during the period was US\$83.11 (2014: US\$76.36).

The options outstanding at the period end have an exercise price in the range of US\$29.29 to US\$79.15 and a weighted average contractual life of 10 years.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted.

The principal assumptions used in arriving at the valuations of options granted in the current and prior periods are as follows:

| | 2015 YUMBUCKS | 2014 YUMBUCKS | 2015 SOIP | 2014 SOIP |
|--|------------------|------------------|-----------|-----------|
| Fair value at measurement date | US\$12.25 | US\$47.42 | US\$14.98 | US\$17.04 |
| Weighted average share price | US\$62.23 | US\$47.15 | US\$53.38 | US\$50.14 |
| Exercise price | US\$79.19 | US\$24.47 | US\$74.20 | US\$71.53 |
| Expected volatility | 28.00% | 23.00% | 27.00% | 25.00% |
| Option life (years) | 10 | 10 | 5 | 5 |
| Expected dividends | US\$1.84 | US\$1.64 | US\$1.84 | US\$1.64 |
| Risk-free interest rate (based on national government bonds) | 1.55% | 1.45% | 1.84% | 1.82% |

The expected volatility is wholly based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

The total expenses recognised for the period and the total liabilities (at fair value) recognised at the end of the period arising from share based payments are as follows:

| | 30 Nov 15 £000 | 1 Dec 14 £000 |
|--|-------------------|------------------|
| Equity settled share based payments charge | 679 | 555 |
| Total carrying amount of liabilities | 5,620 | 7,061 |

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

21. PENSIONS AND OTHER POST RETIREMENT BENEFITS

The company operates a defined benefit pension scheme, closed to future accrual of benefits from 1 July 2011. There is an open defined benefit contribution scheme, and employees continue to contribute to this scheme.

There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

Every 3 years an actuarial valuation of the defined benefit pension scheme is carried out by a qualified, independent actuary, the latest of which was carried out as at 31 March 2014. This valuation showed a funding deficit on the scheme of £1,000,000. In accordance with paragraphs 37 and 41 of FRS 17, the net asset has been restricted to nil. The estimated pension expense for the fiscal period ended 29 November 2015 is nil, again restricted due to the surplus cap.

To develop the expected long-term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primary government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. A deduction of 0.5% was then made to make allowance for the investment and administrative expenses incurred by the Plan. This resulted in the selection of the Expected Return on Assets (ERA) assumption of 5.00 % per annum.

Change in the present value of the defined benefit obligation are as follows:

| | 29 Nov 15 | 30 Nov 14 |
|---|-----------------|-----------------|
| | £000 | £000 |
| Benefit obligation at beginning of the period | (74,246) | (65,922) |
| Interest cost | (2,871) | (3,085) |
| Actuarial loss | (833) | (5,806) |
| Benefits paid from the plan | 1,283 | 567 |
| Closing defined benefit obligation | <u>(76,667)</u> | <u>(74,246)</u> |

Changes in the fair value of scheme assets are as follows:

| | 29 Nov 15 | 30 Nov 14 |
|--|---------------|---------------|
| | £000 | £000 |
| Fair value of plan assets at beginning of the period | 82,292 | 76,001 |
| Expected return on plan assets | 2,871 | 3,085 |
| Employers contribution | 2,050 | - |
| Actuarial (loss)/gain on plan assets | (288) | 3,773 |
| Benefits paid from plan | (1,283) | (567) |
| Closing fair value of plan assets | <u>85,642</u> | <u>82,292</u> |

The amounts recognised in the balance sheet are as follows:

| | 29 Nov 15 | 30 Nov 14 |
|--|-----------|-----------|
| | £000 | £000 |
| Present value of wholly or partly funded obligations | (76,667) | (74,246) |
| Fair value of plan asset | 85,642 | 82,292 |
| Surplus of funded plans | 8,975 | 8,046 |
| Effect of asset limit | (8,975) | (8,046) |
| Net asset | <u>-</u> | <u>-</u> |

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

21. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

The amounts recognised in profit and loss are as follows:

| | 29 Nov 15 | 30 Nov 14 |
|--|----------------|----------------|
| | £000 | £000 |
| Interest cost | 2,871 | 3,085 |
| Expected return on plan assets | <u>(2,871)</u> | <u>(3,085)</u> |
| Total pension cost recognised in the profit and loss account | <u>-</u> | <u>-</u> |

The history of the plans for the current and prior periods is as follows

| | 29 Nov 15 | 30 Nov 14 | 1 Dec 13 | 30 Nov 12 |
|-------------------------------------|--------------|--------------|---------------|--------------|
| | £000 | £000 | £000 | £000 |
| Present value of scheme liabilities | (76,667) | (74,246) | (65,922) | (57,091) |
| Fair values of scheme assets | 85,642 | 82,292 | 76,001 | 65,264 |
| Surplus | <u>8,975</u> | <u>8,046</u> | <u>10,079</u> | <u>8,173</u> |

| | 29 Nov 15 | 30 Nov 14 | 1 Dec 13 | 30 Nov 12 |
|--|-----------|-----------|----------|-----------|
| | % | % | % | % |
| Experience adjustments on scheme liabilities as a percentage of scheme liabilities | 0% | 4% | 0% | 0% |
| Experience adjustments on scheme assets as a percentage of scheme assets | 0% | -5% | -12% | 0% |

In the periods ending 4 December 2011 and prior, the company was part of a larger, group-wide pension scheme, and were therefore unable to identify their share of the scheme assets and liabilities. As a result, there are only 4 years' worth of information available, inclusive of this period end.

The Company expects to contribute approximately £2.05m to its defined benefit plans in the next financial year.

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows:

| | 29 Nov 15 | 30 Nov 14 |
|-------------------|-----------|-----------|
| | % | % |
| Equity Securities | 78.86 | 79.30 |
| Debt Securities | 19.22 | 20.60 |
| Other assets | 1.92 | 0.10 |

The principal actuarial assumptions to determine benefit obligations as at the balance sheet date were:

| | 29 Nov 15 | 30 Nov 14 |
|-------------------------------------|-----------|-----------|
| | % | % |
| Discount rate | 3.85 | 3.90 |
| Rate of increase in inflation (RPI) | 3.20 | 3.20 |
| Rate of increase in inflation (CPI) | 2.20 | 2.20 |

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

| | | |
|--|------|------|
| Rate of pension increases (RPI up to 5%) | 3.10 | 3.10 |
| Rate of pension increases (CPI up to 5%) | 2.20 | 2.20 |

21. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

The principal actuarial assumptions to determine net pension cost as at the balance sheet date were:

| | 29 Nov 15 % | 30 Nov 14 % |
|---|--------------------|--------------------|
| Discount rate | 3.90 | 4.70 |
| Expected long-term rate of return on plan assets | 5.10 | 6.00 |
| Rate of increase in inflation (RPI) | 3.20 | 3.50 |
| Rate of increase in inflation (CPI) | 2.20 | 2.70 |
| Rate of pension increases (RPI up to 5%) | 3.10 | 3.40 |
| Rate of pension increases (CPI up to 5%) | 2.20 | 2.70 |
| Assumed life expectations on retirement at age 65 | | |
| | 29 Nov 15 years | 30 Nov 14 years |
| Retiring today (member age 65) | 21.90 | 21.80 |
| Retiring in 25 years (member age 40 today) | 24.10 | 24.00 |

The amounts to be recognised in STRGL:

| | 29 Nov 15 £000 | 30 Nov 14 £000 |
|---|-------------------|-------------------|
| Actuarial losses immediately recognised | 1,121 | 2,033 |
| Effect of asset limit | 929 | (2,033) |
| Total pension cost recognised in STRGL | <u>2,050</u> | <u>-</u> |

Actual return on planned assets:

| | 29 Nov 15 £000 | 30 Nov 14 £000 |
|---------------------------------|-------------------|-------------------|
| Actual return on planned assets | 2,583 | 6,858 |

The cumulative amount of actuarial losses recognised:

| | 29 Nov 15 £000 | 30 Nov 14 £000 |
|--|-------------------|-------------------|
| Cumulative amount of actuarial losses recognised | 1,248 | 127 |

22. COMMITMENTS UNDER OPERATING LEASES

At 29 November 2015 the company had annual commitments under non-cancellable operating leases as set out below.

| | 29 Nov 15 | | 30 Nov 14 | |
|--------------------------------|-------------------------------|------------------------|-------------------------------|---------------------|
| | Land and buildings £000 | Other Items £000 | Land and buildings £000 | Other Items £000 |
| Operating leases which expire: | | | | |
| Within 1 year | 356 | - | 596 | - |
| Within 2 to 5 years | 5,618 | 1,891 | 1,433 | 1,465 |
| After more than 5 years | <u>20,572</u> | <u>-</u> | <u>10,892</u> | <u>-</u> |

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

26,546 1,891 12,921 1,465

23. SHARE CAPITAL

Allotted, called up and fully paid:

| | 29 Nov 15 | | 30 Nov 14 | |
|----------------------------|-------------------|---------------|-------------------|---------------|
| | No | £000 | No | £000 |
| Ordinary shares of £1 each | <u>18,000,000</u> | <u>18,000</u> | <u>18,000,000</u> | <u>18,000</u> |

24. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial period.

25. PROFIT AND LOSS ACCOUNT

| | Period from 1 Dec 14 to 29 Nov 15 £000 | Period from 2 Dec 13 to 30 Nov 14 £000 |
|---|---|---|
| Balance brought forward | 137,485 | 98,302 |
| Profit for the financial period | 40,364 | 36,459 |
| Equity dividends | (112,961) | - |
| Recharge for share-based payments | (524) | (641) |
| Credit in relation to share-based payments | 679 | 555 |
| Actuarial loss recognised in the pension scheme | (2,050) | |
| Exchange rate movement | 8,867 | 2,810 |
| Balance carried forward | <u>71,860</u> | <u>137,485</u> |

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 29 Nov 15 £000 | 30 Nov 14 £000 |
|---|-------------------|-------------------|
| Profit for the financial period | 40,364 | 36,459 |
| Equity dividends | (112,961) | - |
| Recharge for share-based payments | (524) | (641) |
| Credit in relation to share-based payments | 679 | 555 |
| Actuarial loss recognised in the pension scheme | (2,050) | |
| Exchange rate movement | 8,867 | 2,810 |
| Net (reduction)/addition to shareholders' funds | <u>(65,625)</u> | <u>39,183</u> |
| Opening shareholders' funds | 171,768 | 132,585 |
| Closing shareholders' funds | <u>106,143</u> | <u>171,768</u> |

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 DECEMBER 2014 TO 29 NOVEMBER 2015

27. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £10,562,000 (2014 - £7,418,000).

28. ULTIMATE PARENT COMPANY

At the year end, the company was a subsidiary undertaking of Yum! Restaurant Holdings, a company registered in England and Wales.

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

Yum! Brands, Inc.
1441 Gardiner Lane
PO Box 37330
Louisville
Kentucky
40213 USA