

# **Prestige Holdings Limited**

## **Consolidated Financial Statements**

**30 November 2018**

*(Expressed in Trinidad and Tobago Dollars)*

# Prestige Holdings Limited

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| <b>Contents</b>                                        | <b>Page</b> |
|--------------------------------------------------------|-------------|
| Statement of Management's Responsibilities             | 1           |
| Independent Auditor's Report                           | 2 - 8       |
| Consolidated Balance Sheet                             | 9           |
| Consolidated Income Statement – by function of expense | 10          |
| Consolidated Statement of Comprehensive Income         | 11          |
| Consolidated Statement of Changes in Equity            | 12 - 13     |
| Consolidated Statement of Cash Flows                   | 14          |
| Notes to the Consolidated Financial Statements         | 15 - 50     |

# Prestige Holdings Limited

## Statement of Management's Responsibilities

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Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Prestige Holdings Limited and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 November 2018, and the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

  
\_\_\_\_\_  
Chief Executive Officer  
26 February 2019

  
\_\_\_\_\_  
Chief Financial Officer  
26 February 2019



## *Independent auditor's report*

To the Shareholders of Prestige Holdings Limited

### *Report on the audit of the consolidated financial statements*

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#### *Our opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Prestige Holdings Limited (the Company) and its subsidiaries (together 'the Group') as at 30 November 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **What we have audited**

Prestige Holdings Limited's consolidated financial statements comprise:

- the consolidated balance sheet as at 30 November 2018;
- the consolidated income statement - by function of expense for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

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#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## Independent auditor's report (continued)

### *Our audit approach*

#### Overview



- Overall group materiality of \$1,578,000 which represents 4% of profit before tax.
- The Group consists of the Company and four wholly owned subsidiaries.
- A full scope audit was performed on both the Company and its material subsidiary, Weekenders Trinidad Limited, resulting in 94% coverage of profit before tax and 95% of total assets.
- Both entities were audited by PwC Trinidad and Tobago.
- Impairment of goodwill and indefinite life intangible assets of acquired businesses.

#### Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

#### How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of the Company and four wholly owned subsidiaries (Weekenders Trinidad Limited, Restaurants Leasing Corporation Limited, Prestige Services Limited, all registered in Trinidad and Tobago, and Prestige Restaurants Jamaica Limited, registered in Jamaica).

A full scope audit was performed on the Company and Weekenders Trinidad Limited which represented the only significant and material components within the Group. All other components were considered financially inconsequential with the exception of property, plant and equipment and goodwill within Restaurants Leasing Corporation Limited on which we performed specified audit procedures.

The PwC Trinidad and Tobago engagement team was the auditor for the Company and its material subsidiary, Weekenders Trinidad Limited.

## Independent auditor's report (continued)

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

|                                                        |                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overall group materiality</b>                       | \$1,578,000                                                                                                                                                                                                                                                                         |
| <b>How we determined it</b>                            | 4% of profit before tax                                                                                                                                                                                                                                                             |
| <b>Rationale for the materiality benchmark applied</b> | We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 4% which is within a range of acceptable benchmark thresholds. |

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$157,760, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent auditor's report (continued)

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Impairment of goodwill and indefinite life intangible assets of acquired businesses</i></p> <p><i>Refer to notes 2(f) and 2(g), and notes 4 and 6 to the consolidated financial statements for disclosures of related accounting policies and balances.</i></p> <p>Intangible assets stated on the Group's consolidated balance sheet consist of \$24.8 million of goodwill, of which \$6.2 million relates to Weekenders Trinidad Limited and \$18.6 million relates to the Subway business as well as \$55.9 million of other deferred costs, which includes \$40.8 million of franchise agreement assets relating to the Subway business.</p> <p>Goodwill and intangible assets with an indefinite useful life are assessed for impairment annually by management or whenever there is an impairment indicator. Goodwill is allocated to the Weekenders Trinidad Limited and Subway businesses as Cash Generating Units (CGUs) identified by management as the lowest level of operations for which there are separately identifiable cash flows.</p> <p>In performing the impairment assessment, management determines the recoverable amount using discounted cash flows to determine the value-in-use. This involves subjective judgements in relation to forecasting future cash flows and is sensitive to growth rates and discount rates applied to the future cash flows with the key assumptions being:</p> <ul style="list-style-type: none"> <li>• Revenue growth rates</li> <li>• Gross margins</li> <li>• Weighted average cost of capital ("WACC")</li> </ul> | <p>We considered the method used by management to perform their annual impairment assessment for goodwill and intangible assets with an indefinite useful life for each CGU and found it to be appropriate based on the requirements of the accounting standards.</p> <p>We tested management's assumptions used in their impairment testing model for goodwill and other intangible assets, including the future cash flow projections, discount rates and growth rates applied. The following procedures were performed:</p> <ul style="list-style-type: none"> <li>• we obtained management's discounted cash flow model (DCF) including qualitative and quantitative analyses and obtained an understanding of the process used by management to determine the recoverable amount of the acquired businesses</li> <li>• we agreed and tested the mathematical accuracy, including verifying spreadsheet formulae, of the DCF model</li> <li>• we agreed the 30 November 2018 base year financial information to the current year results</li> <li>• we verified management's assumptions as follows: <ul style="list-style-type: none"> <li>➤ <b>Revenue growth rates</b> - we evaluated management's assumptions for each of its planned initiatives for the next 5 years, whilst considering any contrary evidence, and found them to be reasonable noting management had revised its future revenue forecasts based on current year results. We also assessed the historical revenues of similar businesses operated by management in comparable circumstances.</li> <li>➤ <b>Gross margins</b> - we compared gross margins to historical results, reconciling variances to underlying supporting data and current period results, assessed management's plans for achieving operational efficiencies and evaluated the projected gross margins in conjunction with our assessment of revenue growth rates outlined above.</li> </ul> </li> </ul> |

## Independent auditor's report (continued)

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Management have started to execute on a number of planned strategies during the year and these initiatives will continue to be implemented in 2019. They include:</p> <ul style="list-style-type: none"><li>• Re-engineering the menu across both businesses.</li><li>• Maximising on operational efficiencies such as cost containment initiatives and improved operations at the store level.</li><li>• Changes in the marketing strategy geared towards creating greater brand loyalty.</li></ul> <p>We focused our attention in particular on management's forecasts for revenue growth over the next 5 years as well as its plans for operational efficiencies given the current year performance of the acquired businesses was below management's expectations and in light of the inherent subjectivity in forecasting the impact of the implementation of the planned strategies and initiatives on future financial performance.</p> | <p>➤ <b>WACC &amp; Terminal Value</b> – with the assistance of our PwC valuation specialists, we assessed certain inputs within the WACC calculation, including the cost of equity and terminal value and found them to be reasonable. We developed a range of parameters using available market inputs and performed sensitivity analyses using these parameters to determine the reasonableness of management's estimate.</p> <p>Further, we:</p> <ul style="list-style-type: none"><li>• considered subsequent events and any associated impact on the entity's cash flows and forecast</li><li>• performed further sensitivity analysis by looking at changes of 50 basis points in management's revenue growth rates and gross margins in addition to that performed over the WACC described above.</li></ul> <p>Based on the procedures performed above, we found the assumptions to be consistent and in line with our expectations and no impairment provision was identified.</p> |

### Other information

The directors are responsible for the other information. The other information comprises the Prestige Holdings Limited 2018 Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Prestige Holdings Limited 2018 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## **Independent auditor's report (continued)**

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### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Independent auditor's report (continued)

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

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Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sean Ramirez.



Port of Spain  
Trinidad, West Indies  
28 February 2019

# Prestige Holdings Limited

## Consolidated Balance Sheet

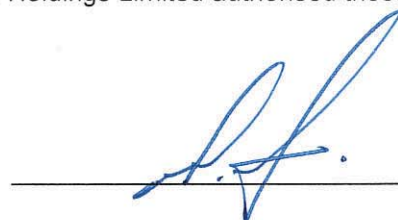
(Expressed in Trinidad and Tobago Dollars)

|                                                            | Notes | 2018<br>\$          | As at<br>30 November<br>2017<br>\$<br>Restated | 2016<br>\$<br>Restated |
|------------------------------------------------------------|-------|---------------------|------------------------------------------------|------------------------|
| <b>Assets</b>                                              |       |                     |                                                |                        |
| <i>Non-current assets</i>                                  |       |                     |                                                |                        |
| Property, plant and equipment                              | 5     | 278,231,287         | 277,735,245                                    | 274,897,188            |
| Intangible assets                                          | 6     | 80,744,956          | 77,670,574                                     | 74,611,782             |
|                                                            |       | <u>358,976,243</u>  | <u>355,405,819</u>                             | <u>349,508,970</u>     |
| <i>Current assets</i>                                      |       |                     |                                                |                        |
| Inventories                                                | 9     | 57,982,411          | 55,005,864                                     | 60,085,306             |
| Trade and other receivables                                | 10    | 31,514,477          | 23,970,121                                     | 21,209,949             |
| Current income tax assets                                  |       | 6,650,814           | 6,736,972                                      | 6,579,325              |
| Cash and cash equivalents                                  | 11    | 50,381,260          | 56,372,397                                     | 84,248,789             |
|                                                            |       | <u>146,528,962</u>  | <u>142,085,354</u>                             | <u>172,123,369</u>     |
| <b>Total assets</b>                                        |       | <u>505,505,205</u>  | <u>497,491,173</u>                             | <u>521,632,339</u>     |
| <b>Equity and liabilities</b>                              |       |                     |                                                |                        |
| <i>Equity attributable to owners of the parent company</i> |       |                     |                                                |                        |
| Share capital                                              | 12    | 23,759,077          | 23,759,077                                     | 23,759,077             |
| Other reserves                                             | 13    | 24,445,927          | 17,997,592                                     | 17,909,104             |
| Other equity instrument                                    |       | --                  | --                                             | 5,000,000              |
| Retained earnings                                          |       | <u>252,221,130</u>  | <u>245,319,430</u>                             | <u>234,035,927</u>     |
|                                                            |       | 300,426,134         | 287,076,099                                    | 280,704,108            |
| <i>Treasury shares</i>                                     | 15    | <u>(11,284,401)</u> | <u>(13,006,606)</u>                            | <u>(13,006,606)</u>    |
| <b>Total equity</b>                                        |       | <u>289,141,733</u>  | <u>274,069,493</u>                             | <u>267,697,502</u>     |
| <b>Liabilities</b>                                         |       |                     |                                                |                        |
| <i>Non-current liabilities</i>                             |       |                     |                                                |                        |
| Borrowings                                                 | 16    | 49,000,000          | 66,500,000                                     | 80,500,000             |
| Deferred income tax                                        | 8     | 1,000,619           | 2,583,088                                      | 3,382,052              |
| Other payables                                             | 17    | <u>1,539,533</u>    | <u>2,108,856</u>                               | <u>1,931,402</u>       |
|                                                            |       | <u>51,540,152</u>   | <u>71,191,944</u>                              | <u>85,813,454</u>      |
| <i>Current liabilities</i>                                 |       |                     |                                                |                        |
| Trade and other payables                                   | 17    | 127,294,905         | 129,198,925                                    | 149,826,432            |
| Borrowings                                                 | 16    | 30,998,250          | 14,000,000                                     | 14,000,000             |
| Due to related parties                                     | 18    | 6,067,326           | 5,825,175                                      | 1,991,590              |
| Current income tax liabilities                             |       | <u>462,839</u>      | <u>3,205,636</u>                               | <u>2,303,361</u>       |
|                                                            |       | <u>164,823,320</u>  | <u>152,229,736</u>                             | <u>168,121,383</u>     |
| <b>Total liabilities</b>                                   |       | <u>216,363,472</u>  | <u>223,421,680</u>                             | <u>253,934,837</u>     |
| <b>Total equity and liabilities</b>                        |       | <u>505,505,205</u>  | <u>497,491,173</u>                             | <u>521,632,339</u>     |

The notes on pages 15 to 50 are an integral part of these consolidated financial statements.

On 26 February 2019, the Board of Directors of Prestige Holdings Limited authorised these consolidated financial statements for issue.

 Director

 Director

# Prestige Holdings Limited

## Consolidated Income Statement – by function of expense

(Expressed in Trinidad and Tobago Dollars)

|                                                                                    | Notes | Year ended<br>30 November<br>2018<br>\$ | 2017<br>\$<br>Restated |
|------------------------------------------------------------------------------------|-------|-----------------------------------------|------------------------|
| <b>Revenue</b>                                                                     |       | 1,042,386,301                           | 1,040,066,778          |
| <b>Cost of sales</b>                                                               | 19,20 | <u>(692,702,863)</u>                    | <u>(680,063,810)</u>   |
| <b>Gross profit</b>                                                                |       | 349,683,438                             | 360,002,968            |
| Other operating expenses                                                           | 20    | (226,821,534)                           | (223,564,875)          |
| Administrative expenses                                                            | 20    | (80,991,234)                            | (81,738,231)           |
| Other income                                                                       |       | <u>1,895,800</u>                        | <u>2,166,876</u>       |
| <b>Operating profit</b>                                                            |       | 43,766,470                              | 56,866,738             |
| Finance costs                                                                      | 21    | <u>(5,071,206)</u>                      | <u>(5,421,875)</u>     |
| <b>Profit before income tax</b>                                                    |       | 38,695,264                              | 51,444,863             |
| Income tax expense                                                                 | 22    | <u>(12,324,849)</u>                     | <u>(18,289,455)</u>    |
| <b>Profit for the year</b>                                                         |       | <u>26,370,415</u>                       | <u>33,155,408</u>      |
| <b>Profit attributable to:</b>                                                     |       |                                         |                        |
| Owners of the parent company                                                       |       | <u>26,370,415</u>                       | <u>33,155,408</u>      |
| <b>Earnings per share attributable to the equity holders of the parent company</b> |       |                                         |                        |
| - Basic earnings per share (exclusive of treasury shares)                          | 23    | <u>43.2¢</u>                            | <u>54.6¢</u>           |
| - Diluted earnings per share                                                       | 23    | <u>42.5¢</u>                            | <u>53.7¢</u>           |

The notes on pages 15 to 50 are an integral part of these consolidated financial statements.

# Prestige Holdings Limited

## Consolidated Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

|                                                                          |      | Year ended<br>30 November |                        |
|--------------------------------------------------------------------------|------|---------------------------|------------------------|
|                                                                          | Note | 2018<br>\$                | 2017<br>\$<br>Restated |
| <b>Profit for the year</b>                                               |      | 26,370,415                | 33,155,408             |
| <b>Other comprehensive income/(loss):</b>                                |      |                           |                        |
| <b>Items that may be subsequently reclassified<br/>to profit or loss</b> |      |                           |                        |
| Gain on revaluation of land                                              | 13   | 6,540,000                 | --                     |
| Currency translation differences                                         | 13   | <u>(91,665)</u>           | <u>88,488</u>          |
| <b>Total comprehensive income for the year</b>                           |      | <u>32,818,750</u>         | <u>33,243,896</u>      |
| <b>Attributable to:</b>                                                  |      |                           |                        |
| Owners of the parent company                                             |      | <u>32,818,750</u>         | <u>33,243,896</u>      |

The notes on pages 15 to 50 are an integral part of these consolidated financial statements.

# Prestige Holdings Limited

## Consolidated Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

|                                                           | Notes | Share capital<br>\$ | Other equity instrument<br>\$ | Other reserves<br>\$ | Retained earnings<br>\$ | Total<br>\$         | Treasury Shares<br>\$ | Total equity<br>\$  |
|-----------------------------------------------------------|-------|---------------------|-------------------------------|----------------------|-------------------------|---------------------|-----------------------|---------------------|
| <b>Balance at 1 December 2016- as previously reported</b> |       | 23,759,077          | 5,000,000                     | 17,909,104           | 230,788,679             | 277,456,860         | (3,575,740)           | 273,881,120         |
| Restatement – impact of ESOP accounting                   | 29    | --                  | --                            | --                   | 3,247,248               | 3,247,248           | (9,430,866)           | (6,183,618)         |
| <b>Balance at 1 December 2016- (restated)</b>             |       | <u>23,759,077</u>   | <u>5,000,000</u>              | <u>17,909,104</u>    | <u>234,035,927</u>      | <u>280,704,108</u>  | <u>(13,006,606)</u>   | <u>267,697,502</u>  |
| <b>Comprehensive income</b>                               |       |                     |                               |                      |                         |                     |                       |                     |
| Profit for the year-as previously reported                |       | --                  | --                            | --                   | 32,856,653              | 32,856,653          | --                    | 32,856,653          |
| Restatement                                               |       | --                  | --                            | --                   | 298,755                 | 298,755             | --                    | 298,755             |
|                                                           |       | <u>--</u>           | <u>--</u>                     | <u>--</u>            | <u>33,155,408</u>       | <u>33,155,408</u>   | <u>--</u>             | <u>33,155,408</u>   |
| <b>Other Comprehensive income</b>                         |       |                     |                               |                      |                         |                     |                       |                     |
| Currency translation differences                          | 13    | --                  | --                            | 88,488               | --                      | 88,488              | --                    | 88,488              |
| <b>Total comprehensive income for the year</b>            |       | <u>--</u>           | <u>--</u>                     | <u>88,488</u>        | <u>33,155,408</u>       | <u>33,243,896</u>   | <u>--</u>             | <u>33,243,896</u>   |
| <b>Transactions with owners</b>                           |       |                     |                               |                      |                         |                     |                       |                     |
| Redemption                                                | 14    | --                  | (5,000,000)                   | --                   | --                      | (5,000,000)         | --                    | (5,000,000)         |
| Net dividends for 2016 -restated                          |       | --                  | --                            | --                   | (13,365,641)            | (13,365,641)        | --                    | (13,365,641)        |
| - Paid – 22 cents per share                               |       | --                  | --                            | --                   | (13,365,641)            | (13,365,641)        | --                    | (13,365,641)        |
| Net dividends for 2017 -restated                          |       | --                  | --                            | --                   | (8,506,264)             | (8,506,264)         | --                    | (8,506,264)         |
| - Paid – 14 cents per share                               |       | <u>--</u>           | <u>--</u>                     | <u>--</u>            | <u>(8,506,264)</u>      | <u>(8,506,264)</u>  | <u>--</u>             | <u>(8,506,264)</u>  |
| <b>Total transactions with owners</b>                     |       | <u>--</u>           | <u>(5,000,000)</u>            | <u>--</u>            | <u>(21,871,905)</u>     | <u>(26,871,905)</u> | <u>--</u>             | <u>(26,871,905)</u> |
| <b>Balance at 30 November 2017 (restated)</b>             |       | <u>23,759,077</u>   | <u>--</u>                     | <u>17,997,592</u>    | <u>245,319,430</u>      | <u>287,076,099</u>  | <u>(13,006,606)</u>   | <u>274,069,493</u>  |

The notes on pages 15 to 50 are an integral part of these consolidated financial statements.

# Prestige Holdings Limited

## Consolidated Statement of Changes in Equity (continued)

(Expressed in Trinidad and Tobago Dollars)

|                                                | Notes | Share<br>capital<br>\$ | Other<br>reserves<br>\$ | Retained<br>earnings<br>\$ | Total<br>\$         | Treasury<br>Shares<br>\$ | Total<br>equity<br>\$ |
|------------------------------------------------|-------|------------------------|-------------------------|----------------------------|---------------------|--------------------------|-----------------------|
| <b>Balance at 1 December 2017</b>              |       | 23,759,077             | 17,997,592              | 241,140,652                | 282,897,321         | (1,148,137)              | 281,749,184           |
| Restatement                                    | 29    | --                     | --                      | 4,178,778                  | 4,178,778           | (11,858,469)             | (7,679,691)           |
| <b>Balance at 1 December 2017- (restated)</b>  |       | <u>23,759,077</u>      | <u>17,997,592</u>       | <u>245,319,430</u>         | <u>287,076,099</u>  | <u>(13,006,606)</u>      | <u>274,069,493</u>    |
| <b>Comprehensive income</b>                    |       |                        |                         |                            |                     |                          |                       |
| Profit for the year                            |       | --                     | --                      | 26,370,415                 | 26,370,415          | --                       | 26,370,415            |
| <b>Other Comprehensive income/(loss)</b>       |       |                        |                         |                            |                     |                          |                       |
| Revaluation surplus                            | 13    | --                     | 6,540,000               | --                         | 6,540,000           | --                       | 6,540,000             |
| Currency translation differences               | 13    | --                     | (91,665)                | --                         | (91,665)            | --                       | (91,665)              |
| <b>Total comprehensive income for the year</b> |       | <u>--</u>              | <u>6,448,335</u>        | <u>26,370,415</u>          | <u>32,818,750</u>   | <u>--</u>                | <u>32,818,750</u>     |
| <b>Transactions with owners</b>                |       |                        |                         |                            |                     |                          |                       |
| Sale of treasury shares                        | 15    | --                     | --                      | --                         | --                  | 1,722,205                | 1,722,205             |
| Net dividends for 2017                         |       |                        |                         |                            |                     |                          |                       |
| - Paid – 20 cents per share                    |       | --                     | --                      | (12,150,584)               | (12,150,584)        | --                       | (12,150,584)          |
| Net dividends for 2018                         |       |                        |                         |                            |                     |                          |                       |
| - Paid – 12 cents per share                    |       | --                     | --                      | (7,318,131)                | (7,318,131)         | --                       | (7,318,131)           |
| <b>Total transactions with owners</b>          |       | <u>--</u>              | <u>--</u>               | <u>(19,468,715)</u>        | <u>(19,468,715)</u> | <u>1,722,205</u>         | <u>(17,746,510)</u>   |
| <b>Balance at 30 November 2018</b>             |       | <u>23,759,077</u>      | <u>24,445,927</u>       | <u>252,221,130</u>         | <u>300,426,134</u>  | <u>(11,284,401)</u>      | <u>289,141,733</u>    |

The notes on pages 15 to 50 are an integral part of these consolidated financial statements.

# Prestige Holdings Limited

## Consolidated Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

|                                                         |       | Year ended<br>30 November |                        |
|---------------------------------------------------------|-------|---------------------------|------------------------|
|                                                         | Notes | 2018<br>\$                | 2017<br>\$<br>Restated |
| <b>Cash flows from operating activities</b>             |       |                           |                        |
| Cash generated from operations                          | 26    | 79,811,759                | 90,518,821             |
| Interest paid                                           | 21    | (5,071,206)               | (5,421,875)            |
| Income tax paid                                         |       | <u>(16,553,058)</u>       | <u>(18,366,626)</u>    |
| Net cash generated from operating activities            |       | <u>58,187,495</u>         | <u>66,730,320</u>      |
| <b>Cash flows from investing activities</b>             |       |                           |                        |
| Purchase of intangible assets                           | 6     | (5,658,511)               | (5,709,731)            |
| Purchase of property, plant and equipment               | 5     | (41,553,528)              | (49,313,256)           |
| Proceeds from disposal of property, plant and equipment |       | <u>1,281,667</u>          | <u>1,288,180</u>       |
| Net cash used in investing activities                   |       | <u>(45,930,372)</u>       | <u>(53,734,807)</u>    |
| <b>Cash flows from financing activities</b>             |       |                           |                        |
| Disposal of treasury shares                             | 15    | 1,722,205                 | --                     |
| Proceeds from borrowings                                |       | 40,795,800                | --                     |
| Dividends paid to shareholders                          |       | (19,468,715)              | (21,871,905)           |
| Repayment of borrowings                                 |       | (41,297,550)              | (14,000,000)           |
| Redemption of other equity instrument                   | 14    | <u>--</u>                 | <u>(5,000,000)</u>     |
| Net cash used in financing activities                   |       | <u>(18,248,260)</u>       | <u>(40,871,905)</u>    |
| Net decrease in cash and cash equivalents               |       | (5,991,137)               | (27,876,392)           |
| <b>Cash and cash equivalents</b>                        |       |                           |                        |
| At start of year                                        |       | <u>56,372,397</u>         | <u>84,248,789</u>      |
| At end of year                                          | 11    | <u>50,381,260</u>         | <u>56,372,397</u>      |

The notes on pages 15 to 50 are an integral part of these consolidated financial statements.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

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### 1 General information

Prestige Holdings Limited (Parent Company) was incorporated in the Republic of Trinidad and Tobago on 24 November 1972 under the Companies Ordinance, Ch. 31 No. 1 and was continued under the Companies Act, 1995 on 26 November 1997. The Registered Office of the Parent Company is 47-49 Sackville Street, Port of Spain. The Parent Company operates under long-term franchise agreements for the KFC, Pizza Hut, Subway and Starbucks brands through a chain of restaurants in Trinidad and Tobago and is a public limited liability company which is listed on the Trinidad and Tobago Stock Exchange.

Prestige Services Limited is wholly owned by Prestige Holdings Limited and is incorporated in St. Christopher/Nevis. This company owns the Development Rights for the TGI Fridays Brand for the CARICOM.

Prestige Holdings Limited also owns 100% of the share capital of Prestige Restaurants Jamaica Limited which operates the TGI Fridays Brand in Jamaica.

Weekenders Trinidad Limited is wholly owned by Prestige Holdings Limited and is an amalgamated entity of Weekenders Limited and TCBY Trinidad Limited effective 25 July 2011. The company is incorporated in the Republic of Trinidad and Tobago. This company operates under a long-term franchise agreement for the TGI Fridays Brand in Trinidad and Tobago.

Restaurant Leasing Corporation Limited is wholly owned by Prestige Holdings Limited and is incorporated in the Republic of Trinidad and Tobago. This company owns and leases the premises on which the Subway restaurants and head office are located.

The ultimate parent company is Victor E. Mouttet Limited, a privately owned company incorporated in the Republic of Trinidad and Tobago.

### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### a. Basis of preparation

The consolidated financial statements of Prestige Holdings Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### a. Basis of preparation (continued)

##### (i) Changes in accounting policies and disclosures

###### (a) New standards, amendments and interpretations adopted by the Group:

There were no standards effective for the first time for the financial year beginning on or after 1 December 2017 which had a material impact on the Group's consolidated financial statements.

###### (b) New standards and interpretations not yet adopted by the Group:

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 December 2017, and have not been applied in preparing these consolidated financial statements. The Group has assessed the impact of these as follows:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group has assessed the impact of IFRS 9 and it is not expected to have a significant effect on the consolidated financial statements of the Group.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### a. Basis of preparation (continued)

##### (i) Changes in accounting policies and disclosures (continued)

##### (b) New standards and interpretations not yet adopted by the Group (continued):

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group has assessed the impact of IFRS 15 and it is not expected to have a significant effect on the consolidated financial statements of the Group.
- IFRS 16 - Leases (effective 1 January 2019) eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements will be that certain of the Group's leased assets and a corresponding liability will need to be reflected on the Group's balance sheet. The Group is yet to assess the impact of IFRS 16.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group's consolidated financial statements.

#### b. Consolidation

##### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### b. Consolidation (continued)

##### (i) Subsidiaries (continued)

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### (ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### (iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### c. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for making strategic decisions, allocating resources and assessing performance of the operating segments has been identified as the board of directors.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### d. *Foreign currency translation*

##### (i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group's presentation and functional currency.

##### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'finance cost (net)'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'administrative expenses'.

##### (iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences are recognised in other comprehensive income.

#### e. *Property, plant and equipment*

Property, plant and equipment are initially recorded at cost. Land is subsequently shown at market value, based on valuations by external independent valuers at least once every five years. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the consolidated income statement.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 2 Summary of significant accounting policies (continued)

#### e. *Property, plant and equipment (continued)*

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

|                                   |                 |
|-----------------------------------|-----------------|
| Freehold and leasehold buildings  | - 10 - 50 years |
| Leasehold improvements            | - 10 - 20 years |
| Plant and machinery and equipment | - 10 - 15 years |
| Vehicles                          | - 4 - 5 years   |
| Furniture                         | - 5 - 12 years  |

The assets' residual values and useful lives are reviewed by management, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating expenses in the consolidated income statement.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

#### f. *Intangible assets*

##### (i) *Goodwill*

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

##### (ii) *Franchise agreements – ongoing operations*

Franchise agreements for ongoing operations acquired in a business combination are initially recognised at fair value at the acquisition date and subsequently carried at cost. These assets have an indefinite useful life and are tested annually for impairment. The franchise agreement renews automatically and there is no significant cost of renewal.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### f. *Intangible assets (continued)*

##### (iii) *Franchise fees*

The Group pays an initial fee to the Franchisor for every new store and a renewal fee upon the expiration of the initial franchise period. The initial and renewal fees are written off over the period to which they relate which range from ten to twenty years. There are no renewal fees upon the expiration of the initial franchise period for the Subway franchise.

##### (iv) *Development rights*

Investment in the development rights is capitalised and amortised using the straight-line method over its estimated useful life but not exceeding ten years.

#### g. *Impairment of non-financial assets*

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

#### h. *Non-current assets (or disposal groups) held for sale*

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

#### i. *Financial assets*

##### (i) *Classification*

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the consolidated balance sheet (Notes 2 m. and 2 n.).

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### i. *Financial assets (continued)*

##### (ii) *Recognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

#### j. *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

#### k. *Impairment of financial assets*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- (i) Significant financial difficulty of the issuer or obligor.
- (ii) A breach of contract, such as a default or delinquency in interest or principal payments.
- (iii) It becomes probable that the customer will enter bankruptcy or other financial reorganisation.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### l. *Inventories*

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the average cost method. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses.

#### m. *Trade receivables*

Trade receivables are amounts due from customers for the sale of goods in the ordinary course of business. If collection is expected in one year or less (or, in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

#### n. *Cash and cash equivalents*

Cash and cash equivalents include cash at bank and in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

#### o. *Share capital*

Ordinary shares with discretionary dividends are classified as equity.

Incremental external costs directly attributable to the issue of new shares or options, other than in connection with a business combination, are shown in equity as a deduction, net of tax, from the proceeds.

#### p. *Trade payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

#### q. *Provisions*

Provisions for restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### r. *Employee benefits*

##### (i) *Pension obligations*

Retirement benefits for employees are provided by a defined contribution plan which is funded by contributions from the Company and qualified employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Payments are made to a pension trust which is financially separate from the Company. These payments, which are in accordance with periodic calculations by actuaries, are charged against the results of the year in which they become payable. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

##### (ii) *Employee Share Ownership Plan (ESOP)*

The parent company operates an Employee Share Ownership Plan and accounts for all unallocated treasury shares as a deduction in Equity. Shares allocated to employees as part of their bonus are charged to administrative expenses based on the market value on the date they are allocated with a corresponding liability recorded in other payables. The liability is remeasured at each balance sheet date and any changes in value is also charged/credited against administrative expenses. Dividends on vested ESOP shares are treated as employee compensation costs and are also charged to administrative expenses. Shares allocated to employees vests in four tranches of 25% after 30, 42, 54 and 66 months respectively.

During the year adjustments were made to restate the accounting for ESOP awards to reflect amounts being paid by the Company under its interpretation of the operation of the ESOP Plan as communicated to employees.

#### s. *Current and deferred income tax*

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The principal temporary difference arises from the difference between the accounting and tax treatment of depreciation on property, plant and equipment and tax losses.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### t. *Revenue recognition*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales of goods are recognised upon delivery of products and customer acceptance, or performance of services. Revenue is shown net of value-added tax, returns, and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the Group and when the specific criteria have been met for the Group's activities.

Interest income is recognised on a time-proportion basis using the effective interest method.

#### u. *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### v. *Other equity instruments*

Other equity instruments issued by the Group comprise amounts that can be redeemed or converted to share capital at the discretion of the Group.

#### w. *Dividend distribution*

Dividend distribution is recorded in the Group's financial statements in the period in which the dividends are approved by the Board of Directors.

#### x. *Leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement under the terms of the lease.

#### y. *Royalty expense*

Royalty expense is recognised on the accrual basis and charged to the consolidated income statement (included in cost of sales) in accordance with the substance of the relevant agreements.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### z. Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The IFRS 13 fair value hierarchy has the following levels based on the inputs used to determine the fair value measurement.

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 - The inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - The inputs are unobservable inputs for the asset or liability.

An observable input is an input that is developed using market data such as publicly available information about actual events or transactions and that reflect the assumptions that market participants would use when pricing the asset or liability.

An unobservable input is an input for which market data is not readily available and that is developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

The fair value disclosure required by IFRS 13 for non-financial assets is included in Note 5. The fair value disclosures relating to financial instruments is disclosed in Note 7a.

#### aa. Comparative information

Where necessary, comparative figures were adjusted to correct prior period errors. Adjustments to previously reported information were made in accordance with the provisions of International Accounting Standard 8 – Accounting policies, changes in accounting estimates and errors. The impact of the restatement is summarised in Note 29. The Group has presented three consolidated balance sheets, two of each of the other primary statements and related notes. The consolidated balance sheets were presented as at the current period, the end of the previous period (which is the same as the beginning of the current period), and the beginning of the earliest comparative period.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

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### 3 Financial risk management

#### a. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, product and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

#### (i) Market risk

##### (a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions as well as holding foreign currency balances. This policy is consistent with prior years.

As at 30 November 2018, the US dollar obligation in TT dollars arising mainly from foreign inventory suppliers and royalties payable was \$49,845,163 (2017: \$38,326,048). In addition, there was a US dollar loan outstanding in TT dollars of \$16,998,250 (2017: nil). If the currency had weakened/strengthened by 7% (2017: 3%) against the US dollar with all other variables held constant, post-tax profits for the year would have been \$2,313,034 (2017: \$804,895) lower/higher, mainly as a result of foreign exchange losses/gains on translation of US dollar-denominated trade payables and accruals. For the US dollar loan outstanding, this would have amounted to \$788,725 (2017: nil).

There have been no changes to policies and procedures in managing the foreign exchange risks.

##### (b) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from short and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Given the economic environment, the Group's policy is to maintain a significant portion of its borrowings in fixed rate instruments. This policy is consistent with prior years.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 3 Financial risk management (continued)

#### a. Financial risk factors (continued)

##### (i) Market risk (continued)

##### (b) Cash flow and fair value interest rate risk (continued)

The Group's exposure to cash flow interest rate risk arises from the variable interest rate of the US dollar short term loan, repayable in 6 months.

|                               | 2018              |            | 2017              |            |
|-------------------------------|-------------------|------------|-------------------|------------|
|                               | \$                | %          | \$                | %          |
| Variable rate borrowings      | 16,998,250        | 21         | --                | --         |
| Other borrowings – fixed rate | <u>63,000,000</u> | <u>79</u>  | <u>80,500,000</u> | <u>100</u> |
|                               | <u>79,998,250</u> | <u>100</u> | <u>80,500,000</u> | <u>100</u> |

As at 30 November 2018, the US dollar obligation in TT dollars was \$16,998,250 (2017: nil) with an interest rate of 6.76% per annum, to be reset every 3 months. If interest rates increased by 45 basis points, with all other variables held constant, post-tax profits for the year would have been reduced by \$12k (2017: nil). If interest rates decreased by 50 basis points, with all other variables held constant, post-tax profits for the year would have been increased by \$20k (2017: nil).

There have been no changes to the policies and procedures in managing interest rate risks.

##### (c) Price risk

The Group is not exposed to equity securities price risk since there are no investments held as available for sale or at fair value through profit or loss.

##### (ii) Credit risk

##### (a) Risk management

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to trade customers. For banks and financial institutions, only those with good standing and with a sound reputation are used. No independent rating exists for trade customers and as a result an internal credit assessment is performed taking into account their financial position, past experience and other factors. Credit limits are set for trade customers which are regularly monitored. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers and/or specific industry sectors.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 3 Financial risk management (continued)

#### a. Financial risk factors (continued)

##### (ii) Credit risk (continued)

##### (b) Security

The Group does not take any security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

##### (c) Credit quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by historical information about counterparty default rates.

Management does not expect any significant losses from non-performance by counterparties.

There have been no changes to the policies and procedures in managing credit risks.

##### (iii) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its un-drawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets. This policy is consistent with the prior year.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

|                                                              | 6 months<br>or less<br>\$ | 6 to 12<br>months<br>\$ | 1 to 5<br>years<br>\$ | Total<br>\$        |
|--------------------------------------------------------------|---------------------------|-------------------------|-----------------------|--------------------|
| <b>At 30 November 2018</b>                                   |                           |                         |                       |                    |
| Borrowings - third party                                     | 26,203,206                | 8,695,313               | 54,742,187            | 89,640,706         |
| Due to related parties                                       | 6,067,326                 | --                      | --                    | 6,067,326          |
| Trade and other payables,<br>excluding statutory liabilities | 115,600,201               | --                      | 1,539,533             | 117,139,734        |
|                                                              | <u>147,870,733</u>        | <u>8,695,313</u>        | <u>56,281,720</u>     | <u>212,847,766</u> |
| <b>At 30 November 2017 (Restated)</b>                        |                           |                         |                       |                    |
| Borrowings - third party                                     | 9,460,938                 | 9,242,188               | 76,890,625            | 95,593,751         |
| Due to related parties                                       | 5,825,175                 | --                      | --                    | 5,825,175          |
| Trade and other payables,<br>excluding statutory liabilities | 119,816,008               | 117,707,152             | --                    | 2,108,856          |
|                                                              | <u>132,993,265</u>        | <u>9,242,188</u>        | <u>78,999,481</u>     | <u>221,234,934</u> |

There have been no changes to policies and procedures in managing liquidity risks.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 3 Financial risk management (continued)

#### b. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. There has been no change in the policies and procedures for managing capital compared to the prior year.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) and bank overdraft less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

|                                     | 2018<br>\$         | 2017<br>\$         |
|-------------------------------------|--------------------|--------------------|
| Net debt                            | 29,616,990         | 24,127,603         |
| Total equity                        | <u>289,141,733</u> | <u>274,069,493</u> |
| Total capital                       | <u>318,758,723</u> | <u>298,197,096</u> |
| <br><b>Net debt to equity ratio</b> | <br><u>10.24%</u>  | <br><u>8.09%</u>   |

The Group has complied with all of the financial covenants in relation to capital risk management.

#### Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

|                                        | 2018<br>\$          | 2017<br>\$          |
|----------------------------------------|---------------------|---------------------|
| Cash and cash equivalents              | 50,381,260          | 56,372,397          |
| Borrowings – repayable within one year | (30,998,250)        | (14,000,000)        |
| Borrowings – repayable after one year  | <u>(49,000,000)</u> | <u>(66,500,000)</u> |
| Net debt                               | <u>(29,616,990)</u> | <u>(24,127,603)</u> |
| <br>Cash and cash equivalents          | <br>50,381,260      | <br>56,372,397      |
| Gross debt – fixed interest rates      | (63,000,000)        | (80,500,000)        |
| Gross debt – variable interest rates   | <u>(16,998,250)</u> | <u>--</u>           |
| Net debt                               | <u>(29,616,990)</u> | <u>(24,127,603)</u> |

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 3 Financial risk management (continued)

|                                            | Cash<br>\$   | Borrowings due<br>within 1 year<br>\$ | Borrowings<br>after 1 year<br>\$ | Total<br>\$  |
|--------------------------------------------|--------------|---------------------------------------|----------------------------------|--------------|
| <b>Net debt as at<br/>1 December 2016</b>  | 84,248,789   | --                                    | (94,500,000)                     | (10,251,211) |
| Cash Flows                                 | (27,876,392) | --                                    | 14,000,000                       | (13,876,392) |
| <b>Net debt as at<br/>30 November 2017</b> | 56,372,397   | --                                    | (80,500,000)                     | (24,127,603) |
| Cash Flows                                 | (5,991,137)  | (16,998,250)                          | 17,500,000                       | (5,489,387)  |
| <b>Net debt as at<br/>30 November 2018</b> | 50,381,260   | (16,998,250)                          | (63,000,000)                     | (29,616,990) |

### 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### a. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) Estimated recoverable amount of goodwill and intangible assets on SUBWAY business

The Group tests annually whether goodwill and intangible assets have suffered any impairment in accordance with the accounting policy stated in Note 2 f. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates. The significant assumptions are disclosed in Note 6. If the growth rate for year 1 or gross margin worsened by 0.5% with all other variables held constant there would be no impact to the profit or loss for the period as the asset would still not be impaired. If the growth rate for years 2 to 5 worsened by 0.5% with all other variables held constant, the Group would have had to recognise an impairment charge of \$5,480,025 against goodwill. If the weighted average cost of capital was higher by 0.5% with all other variables held constant, the Group would have had to recognise an impairment charge of \$822,770 against goodwill. In the prior year, there were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment of goodwill and intangible assets related to the Subway business.

The recoverable amount of goodwill together with the net assets related to the Subway business would equal its carrying amount if each of the key assumptions were to change as follows independently of the other assumptions:

|                                  | 2018   |       | 2017  |      |
|----------------------------------|--------|-------|-------|------|
|                                  | From % | To%   | From% | To%  |
| Year 1 growth rate               | 2.78   | 2.17  | 9.0   | 5.0  |
| Year 2-5 growth rate             | 2.30   | 2.10  | 5.0   | 3.4  |
| Average gross margin             | 30.96  | 30.26 | 31.2  | 27.0 |
| Weighted average cost of capital | 11.50  | 11.90 | 13.1  | 15.3 |

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 4 Critical accounting estimates and judgements (continued)

#### a. Critical accounting estimates and assumptions (continued)

##### (ii) Estimated recoverable amount of goodwill and intangible assets on Weekenders Trinidad Limited business

The Group tests annually whether goodwill and intangible assets have suffered any impairment in accordance with the accounting policy stated in Note 2 f. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates. The significant assumptions are disclosed in Note 6. If the growth rate for year 1 or gross margin worsened by 0.5% with all other variables held constant there would be no impact to the profit or loss for the period as the asset would still not be impaired. If the growth rate for years 2 to 5 worsened by 0.5% with all other variables held constant, there would be no impact to the profit or loss for the period as the asset would still not be impaired. If the weighted average cost of capital was higher by 0.5% with all other variables held constant, there would be no impact to the profit or loss for the period as the asset would still not be impaired. In the prior year, there were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment of goodwill and intangible assets related to the Weekenders Trinidad Limited business.

The recoverable amount of goodwill together with the net assets related to Weekenders Trinidad Limited would equal its carrying amount if each of the key assumptions were to change as follows independently of the other assumptions:

|                                  | 2018   |       | 2017   |       |
|----------------------------------|--------|-------|--------|-------|
|                                  | From % | To %  | From % | To %  |
| Year 1 growth rate               | 2.0    | (1.0) | 6.0    | (5.0) |
| Year 2-5 growth rate             | 2.0    | 0.1   | 3.0    | (0.9) |
| Average gross margin             | 39.8   | 32.0  | 39.4   | 33.0  |
| Weighted average cost of capital | 11.5   | 15.2  | 13.10  | 23.1  |

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 5 Property, plant and equipment

|                                    | Land<br>\$        | Buildings<br>and<br>improvements<br>\$ | Plant<br>and<br>machinery<br>\$ | Vehicles<br>\$   | Furniture<br>\$   | Work in<br>progress<br>\$ | Total<br>\$        |
|------------------------------------|-------------------|----------------------------------------|---------------------------------|------------------|-------------------|---------------------------|--------------------|
| <b>Year ended 30 November 2018</b> |                   |                                        |                                 |                  |                   |                           |                    |
| Opening net book amount            | 52,945,000        | 129,503,224                            | 46,560,686                      | 7,659,988        | 39,029,520        | 2,036,827                 | 277,735,245        |
| Additions                          | --                | 9,068,429                              | 8,213,840                       | 4,081,686        | 7,011,707         | 13,177,866                | 41,553,528         |
| Revaluation surplus                | 6,540,000         | --                                     | --                              | --               | --                | --                        | 6,540,000          |
| Disposals                          | --                | (153,880)                              | (39,818)                        | (518,072)        | --                | --                        | (711,770)          |
| Exchange differences               | --                | 109,972                                | (2,794)                         | --               | 6,784             | --                        | 113,962            |
| Depreciation charge                | --                | (19,422,370)                           | (13,473,457)                    | (3,056,790)      | (11,047,061)      | --                        | (46,999,678)       |
| Closing net book amount            | <u>59,485,000</u> | <u>119,105,375</u>                     | <u>41,258,457</u>               | <u>8,166,812</u> | <u>35,000,950</u> | <u>15,214,693</u>         | <u>278,231,287</u> |
| <b>At 30 November 2018</b>         |                   |                                        |                                 |                  |                   |                           |                    |
| Cost or valuation                  | 59,485,000        | 289,975,404                            | 253,864,965                     | 21,289,103       | 137,606,035       | 15,214,693                | 777,435,200        |
| Accumulated depreciation           | --                | (170,870,029)                          | (212,606,508)                   | (13,122,291)     | (102,605,085)     | --                        | (499,203,913)      |
| Net book amount                    | <u>59,485,000</u> | <u>119,105,375</u>                     | <u>41,258,457</u>               | <u>8,166,812</u> | <u>35,000,950</u> | <u>15,214,693</u>         | <u>278,231,287</u> |
| <b>Year ended 30 November 2017</b> |                   |                                        |                                 |                  |                   |                           |                    |
| Opening net book amount            | 38,395,000        | 136,582,770                            | 50,792,825                      | 3,456,461        | 44,870,754        | 799,378                   | 274,897,188        |
| Additions                          | 14,550,000        | 12,495,182                             | 10,061,012                      | 6,264,400        | 4,705,213         | 1,237,449                 | 49,313,256         |
| Disposals                          | --                | (421,000)                              | (510,394)                       | (172,520)        | --                | --                        | (1,103,914)        |
| Exchange differences               | --                | 32,287                                 | 4,606                           | --               | 1,952             | --                        | 38,845             |
| Depreciation charge                | --                | (19,186,015)                           | (13,787,363)                    | (1,888,353)      | (10,548,399)      | --                        | (45,410,130)       |
| Closing net book amount            | <u>52,945,000</u> | <u>129,503,224</u>                     | <u>46,560,686</u>               | <u>7,659,988</u> | <u>39,029,520</u> | <u>2,036,827</u>          | <u>277,735,245</u> |
| <b>At 30 November 2017</b>         |                   |                                        |                                 |                  |                   |                           |                    |
| Cost or valuation                  | 52,945,000        | 280,929,365                            | 245,540,089                     | 19,880,567       | 130,548,379       | 2,036,827                 | 731,880,227        |
| Accumulated depreciation           | --                | (151,426,141)                          | (198,979,403)                   | (12,220,579)     | (91,518,859)      | --                        | (454,144,982)      |
| Net book amount                    | <u>52,945,000</u> | <u>129,503,224</u>                     | <u>46,560,686</u>               | <u>7,659,988</u> | <u>39,029,520</u> | <u>2,036,827</u>          | <u>277,735,245</u> |
| <b>At 30 November 2016</b>         |                   |                                        |                                 |                  |                   |                           |                    |
| Cost or valuation                  | 38,395,000        | 268,787,440                            | 236,075,931                     | 15,394,931       | 125,831,043       | 799,378                   | 685,283,723        |
| Accumulated depreciation           | --                | (132,204,670)                          | (185,283,106)                   | (11,938,470)     | (80,960,289)      | --                        | (410,386,535)      |
| Net book amount                    | <u>38,395,000</u> | <u>136,582,770</u>                     | <u>50,792,825</u>               | <u>3,456,461</u> | <u>44,870,754</u> | <u>799,378</u>            | <u>274,897,188</u> |

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 5 Property, plant and equipment (continued)

Depreciation expense of \$46,999,678 (2017: \$45,410,130) is included in other operating expenses. Land represents freehold and leasehold land. Freehold land was valued by an independent valuator in 2018 on the basis of market value for existing use and amounted to \$44,935,000. Leasehold land was purchased during 2017 for \$14,550,000 under a 999 year lease. The remaining life on the lease is 993 years. The fair value of leasehold land was not considered to be materially different from the price paid based on management's assessment of comparable property prices. If land was stated on the historical cost basis, the amount would be \$29,038,230. Bank borrowings are secured on fixed assets of the Group for the value of approximately \$63.0 million (2017: \$80.5 million). Included in buildings and improvements are buildings amounting to \$22,141,584 (2017: \$23,109,894) and improvements amounting to \$96,963,791 (2017: \$106,393,330).

#### a. Fair value of land

The Group engages an external, independent and qualified valuer to determine the fair value of the Group's land at least once every five years. The last valuation performed was as at 30 November 2018. The revaluation surplus was credited to other comprehensive income and is shown in 'other reserves' in shareholders' equity (Note 13.). The following table analyses the non-financial assets carried at fair value, by valuation method.

#### Fair value measurements as at 30 November 2017 and 2018

|      | Quoted prices<br>In active markets<br>for identical<br>assets<br>(level 1)<br>\$ | Significant<br>other<br>observable inputs<br>(level 2)<br>\$ | Significant<br>unobservable<br>inputs<br>(level 3)<br>\$ |
|------|----------------------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------|
| 2018 | --                                                                               | --                                                           | 59,485,000                                               |
| 2017 | --                                                                               | --                                                           | 52,945,000                                               |

Level 3 fair values of land has been derived using the Sales Comparison Approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 6 Intangible assets

|                                         | Goodwill<br>\$    | Other<br>deferred<br>costs<br>\$ | Total<br>\$       |
|-----------------------------------------|-------------------|----------------------------------|-------------------|
| <b>Year ended 30 November 2018</b>      |                   |                                  |                   |
| Opening net book amount                 | 24,791,308        | 52,879,266                       | 77,670,574        |
| Additions                               | --                | 5,658,511                        | 5,658,511         |
| Amortisation charge                     | --                | (2,584,129)                      | (2,584,129)       |
| <b>Closing net book amount</b>          | <u>24,791,308</u> | <u>55,953,648</u>                | <u>80,744,956</u> |
| <b>At 30 November 2018</b>              |                   |                                  |                   |
| Cost                                    | 25,427,536        | 81,982,248                       | 107,409,784       |
| Accumulated amortisation and impairment | (636,228)         | (26,028,600)                     | (26,664,828)      |
| <b>Net book amount</b>                  | <u>24,791,308</u> | <u>55,953,648</u>                | <u>80,744,956</u> |
| <b>Year ended 30 November 2017</b>      |                   |                                  |                   |
| Opening net book amount                 | 24,791,308        | 49,820,474                       | 74,611,782        |
| Additions                               | --                | 5,709,731                        | 5,709,731         |
| Amortisation charge                     | --                | (2,650,939)                      | (2,650,939)       |
| <b>Closing net book amount</b>          | <u>24,791,308</u> | <u>52,879,266</u>                | <u>77,670,574</u> |
| <b>At 30 November 2017</b>              |                   |                                  |                   |
| Cost                                    | 25,427,536        | 76,323,737                       | 101,751,273       |
| Accumulated amortisation and impairment | (636,228)         | (23,444,471)                     | (24,080,699)      |
| <b>Net book amount</b>                  | <u>24,791,308</u> | <u>52,879,266</u>                | <u>77,670,574</u> |
| <b>At 30 November 2016</b>              |                   |                                  |                   |
| Cost                                    | 25,427,536        | 70,614,008                       | 96,041,544        |
| Accumulated amortisation and impairment | (636,228)         | (20,793,534)                     | (21,429,762)      |
| <b>Net book amount</b>                  | <u>24,791,308</u> | <u>49,820,474</u>                | <u>74,611,782</u> |

Amortisation charge of \$2,584,129 (2017: \$2,650,939) is included in other operating expenses.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 6 Intangible assets (continued)

Included in other deferred costs is franchise agreements for ongoing operations of the Subway business acquired in 2011 which has an indefinite life and is assessed annually for impairment. Also included under deferred costs are franchise fees and loan fees capitalised which are amortised over remaining periods of three to fifteen years.

#### *Impairment tests for goodwill and indefinite life intangible assets*

Goodwill has been allocated to the TGI Fridays (Weekenders Trinidad Limited) and Subway businesses cash generating units as outlined below.

|                                           | 2018<br>\$       | 2017<br>\$       |
|-------------------------------------------|------------------|------------------|
| <b><u>Weekenders Trinidad Limited</u></b> |                  |                  |
| Goodwill                                  | 6,793,806        | 6,793,806        |
| Less accumulated amortisation             | <u>(636,228)</u> | <u>(636,228)</u> |
| Net goodwill                              | <u>6,157,578</u> | <u>6,157,578</u> |

The recoverable amount of this business unit is determined based on a value-in-use calculation. This calculation uses pre-tax cash flow projections based on financial budgets and forecasts approved by management covering a five year period. Cash-flows for the five year period are extrapolated using the estimated growth rates stated below.

The key assumptions used for value-in-use calculations are as follows:

|      | Gross margin<br>% | Growth rate |            | Pre-tax<br>Discount rate<br>% |
|------|-------------------|-------------|------------|-------------------------------|
|      |                   | Year 1<br>% | Year 2 - 5 |                               |
| 2018 | 39.8              | 2           | 2          | 11.5                          |
| 2017 | 39.4              | 6           | 3          | 13.1                          |

Assumptions for gross profit margins, growth rates and pre-tax weighted average cost of capital are based upon past performance, economic conditions and expectations for market development.

|                                          |                   |                   |
|------------------------------------------|-------------------|-------------------|
| <b><u>Subway business</u></b>            | 2018<br>\$        | 2017<br>\$        |
| Goodwill                                 | 18,633,730        | 18,633,730        |
| Intangible assets – franchise agreements | <u>40,800,000</u> | <u>40,800,000</u> |
| Assets acquired                          | <u>59,433,730</u> | <u>59,433,730</u> |

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 6 Intangible assets (continued)

*Impairment tests for goodwill and intangible assets (continued)*

#### **Subway business (continued)**

The recoverable amount of this business unit is determined based on a value-in-use calculation. This calculation uses pre-tax cash flow projections based on financial budgets and forecasts approved by management covering a five year period. Cash-flows for the five year period are extrapolated using the estimated growth rates stated below.

The key assumptions used for value-in-use calculations are as follows:

|      | Gross margin | Growth rate |            | Pre-tax       |
|------|--------------|-------------|------------|---------------|
|      | %            | Year 1      | Year 2 - 5 | Discount rate |
|      | %            | %           | %          | %             |
| 2018 | 30.9         | 3           | 2          | 11.5          |
| 2017 | 31.2         | 9           | 5          | 13.1          |

Assumptions for gross profit margins, growth rates and pre-tax weighted average cost of capital are based upon past performance. The estimated improved results of the brand will be driven by a combination of strategies designed to improve in store efficiencies. These efficiencies will lead to better cost management and will enhance guest experience. This along with our marketing initiatives will increase guest visits and ultimately improve sales of the brand. The performance changes have been tempered based on the economic conditions and expectations for market development.

### 7a Financial instruments by category

|                                                           | Loans and receivables       |                    |
|-----------------------------------------------------------|-----------------------------|--------------------|
|                                                           | 2018                        | 2017               |
|                                                           | \$                          | \$                 |
| <i>Assets as per consolidated balance sheet</i>           |                             |                    |
| Trade and other receivables, excluding prepayments        | 4,789,392                   | 5,632,260          |
| Cash and cash equivalents                                 | <u>50,381,260</u>           | <u>56,372,397</u>  |
| <b>Total</b>                                              | <u>55,170,652</u>           | <u>62,004,657</u>  |
|                                                           | Other financial liabilities |                    |
|                                                           | at amortised cost           |                    |
|                                                           | 2018                        | 2017               |
|                                                           | \$                          | \$                 |
| <i>Liabilities as per consolidated balance sheet</i>      |                             |                    |
| Borrowings                                                | 79,998,250                  | 80,500,000         |
| Trade and other payables, excluding statutory liabilities | 117,139,734                 | 119,816,008        |
| Due to related parties                                    | <u>6,067,326</u>            | <u>5,825,175</u>   |
| <b>Total</b>                                              | <u>203,205,310</u>          | <u>206,141,183</u> |

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 7a Financial instruments by category (continued)

*Financial instruments where carrying value is equal to fair value*

Due to their liquidity and short-term maturity, the carrying values of certain financial instruments approximate their fair values. Financial instruments where carrying value is equal to fair value include cash and cash equivalents, trade and other receivables, trade and other payables and amounts due to related parties.

For financial assets and financial liabilities that are carried in the financial statements at amortised cost but for which fair value is required to be disclosed in accordance with IFRS 7, the table below summarises the level in the IFRS 13 fair value hierarchy in which the fair value measurement is categorised and a description of the valuation technique and the inputs used in the fair value measurement.

| Liability                  | Categorisation of the fair value measurement in IFRS 13 fair value hierarchy | Valuation methodology used to determine fair value | Key assumptions in valuation methodology                                                                                  |
|----------------------------|------------------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| Loan note – bank borrowing | Level 3                                                                      | Discounted cash flow analysis                      | <ul style="list-style-type: none"> <li>• Future cash flows</li> <li>• Current market interest rate at year end</li> </ul> |

A comparison of the fair value to the carrying value of bank borrowings is included in Note 16.

### 7b Credit quality of financial assets

The credit quality of financial assets that are fully performing can be assessed by reference to the Group's internal aged receivable analysis; customers with aging of 0 – 90 days are not considered past due or impaired.

| Counterparties without external credit rating* | 2018<br>\$       | 2017<br>\$       |
|------------------------------------------------|------------------|------------------|
| <u>Trade receivables</u>                       |                  |                  |
| Group 1 – Customers (0 – 60 days)              | 2,124,848        | 2,262,995        |
| Group 2 – Customers (61 – 90 days)             | <u>256,250</u>   | <u>406,443</u>   |
|                                                | <u>2,381,098</u> | <u>2,669,438</u> |
| <u>Other receivables</u>                       |                  |                  |
| Group 1 – Non-trade customers (0 – 60 days)    | 1,159,130        | 1,461,099        |
| Group 2 – Non-trade customers (61 – 90 days)   | <u>214,533</u>   | <u>552,431</u>   |
|                                                | <u>1,373,663</u> | <u>2,013,530</u> |
|                                                | <u>3,754,761</u> | <u>4,682,968</u> |

As of 30 November 2018, trade and other receivables of \$3,754,761 (2017: \$4,682,968) were fully performing.

As of 30 November 2018, trade receivables of \$947,168 (2017: \$949,292) were past due but not considered impaired. These relate to a number of independent customers for whom there is no recent history of default.

As at 30 November 2018, trade receivables of \$916,399 (2017: \$591,243) were impaired and provided for. These consists of a large number of public and private sector companies with individually small balances.

\*Group 1 – existing customers with no defaults in the past

Group 2 – existing customers (more than 6 months) with some defaults in the past, but considered recoverable based on history of payments.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

| 7b Credit quality of financial assets (continued) | 2018<br>\$        | 2017<br>\$        |
|---------------------------------------------------|-------------------|-------------------|
| <u>Cash</u>                                       |                   |                   |
| Cash at bank and on hand                          | <u>50,381,260</u> | <u>56,372,397</u> |

Cash and short term deposits are held only with reputable financial institutions.

## 8 Deferred income tax

|                                                   |                  |                  |
|---------------------------------------------------|------------------|------------------|
| Opening amount                                    | 2,583,088        | 3,382,052        |
| Credit to consolidated income statement (Note 22) | (1,538,822)      | (784,314)        |
| Foreign exchange translation                      | <u>(43,647)</u>  | <u>(14,650)</u>  |
| Closing amount                                    | <u>1,000,619</u> | <u>2,583,088</u> |

The deferred income tax assets and liabilities at the end of the year are attributable to the following items:

|                                        | At<br>1.12.17<br>\$ | (Credit)/charge<br>to income<br>statement<br>\$ | Forex and<br>change in<br>tax rate<br>\$ | At<br>30.11.18<br>\$ |
|----------------------------------------|---------------------|-------------------------------------------------|------------------------------------------|----------------------|
| <b>Year ended 30 November 2018</b>     |                     |                                                 |                                          |                      |
| <i>Deferred income tax liabilities</i> |                     |                                                 |                                          |                      |
| Accelerated tax depreciation           | 3,032,726           | (1,800,621)                                     | --                                       | 1,232,105            |
| <i>Deferred income tax assets</i>      |                     |                                                 |                                          |                      |
| Tax losses                             | (449,638)           | 261,799                                         | (43,647)                                 | (231,486)            |
|                                        | <u>2,583,088</u>    | <u>(1,538,822)</u>                              | <u>(43,647)</u>                          | <u>1,000,619</u>     |
|                                        |                     |                                                 |                                          |                      |
|                                        | At<br>1.12.16<br>\$ | (Credit)/charge<br>to income<br>statement<br>\$ | Forex and<br>change in<br>tax rate<br>\$ | At<br>30.11.17<br>\$ |
| <b>Year ended 30 November 2017</b>     |                     |                                                 |                                          |                      |
| <i>Deferred income tax liabilities</i> |                     |                                                 |                                          |                      |
| Accelerated tax depreciation           | 4,035,725           | (1,875,218)                                     | 872,219                                  | 3,032,726            |
| <i>Deferred income tax assets</i>      |                     |                                                 |                                          |                      |
| Tax losses                             | (653,673)           | 218,685                                         | (14,650)                                 | (449,638)            |
|                                        | <u>3,382,052</u>    | <u>(1,656,533)</u>                              | <u>857,569</u>                           | <u>2,583,088</u>     |

The Group has accumulated tax losses of approximately \$874,740 (2017: \$1.8 million) available for set off against future chargeable profits and may be carried forward indefinitely.

| 9 Inventories                         | 2018<br>\$        | 2017<br>\$        |
|---------------------------------------|-------------------|-------------------|
| Food supplies and packaging materials | 43,423,489        | 41,817,196        |
| Consumable stores                     | <u>14,558,922</u> | <u>13,188,668</u> |
|                                       | <u>57,982,411</u> | <u>55,005,864</u> |

The cost of inventories recognised as expense and included in "cost of sales" amounted to \$437,280,877 (2017: \$431,313,060).

The write-down of inventories recognised as expense and included in "administrative expenses" amounted to \$3,777,534 (2017: \$2,634,867).

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

| 10 | Trade and other receivables                         | 2018<br>\$        | 2017<br>\$        |
|----|-----------------------------------------------------|-------------------|-------------------|
|    | Trade receivables                                   | 3,328,266         | 3,618,730         |
|    | Less: provision for impairment of trade receivables | <u>(916,399)</u>  | <u>(591,243)</u>  |
|    |                                                     | 2,411,867         | 3,027,487         |
|    | Prepayments                                         | 14,493,025        | 7,677,703         |
|    | Other receivables                                   | <u>14,609,585</u> | <u>13,264,931</u> |
|    |                                                     | <u>31,514,477</u> | <u>23,970,121</u> |

Movements on the Group's provision for impairment of trade receivables are as follows:

|                                                     |                |                |
|-----------------------------------------------------|----------------|----------------|
| <b>At 1 December</b>                                | 591,243        | 591,243        |
| Provision for impairment recognised during the year | <u>325,156</u> | <u>--</u>      |
| <b>At 30 November</b>                               | <u>916,399</u> | <u>591,243</u> |

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

|                  |                   |                   |
|------------------|-------------------|-------------------|
| TT dollar        | 31,156,741        | 23,687,803        |
| Other currencies | <u>357,736</u>    | <u>282,318</u>    |
|                  | <u>31,514,477</u> | <u>23,970,121</u> |

## 11 Cash and cash equivalents

|                          |                   |                   |
|--------------------------|-------------------|-------------------|
| Cash at bank and on hand | <u>50,381,260</u> | <u>56,372,397</u> |
|--------------------------|-------------------|-------------------|

## 12 Share capital

|                             | No. of shares     | Common shares<br>\$ |
|-----------------------------|-------------------|---------------------|
| Balance at 1 December 2016  | 62,513,002        | 23,759,077          |
| Shares issued               | <u>--</u>         | <u>--</u>           |
| Balance at 30 November 2017 | <u>62,513,002</u> | <u>23,759,077</u>   |
| Balance at 1 December 2017  | 62,513,002        | 23,759,077          |
| Shares issued               | <u>--</u>         | <u>--</u>           |
| Balance at 30 November 2018 | <u>62,513,002</u> | <u>23,759,077</u>   |

*Authorised share capital*

The Parent Company has an unlimited number of authorised common shares of no par value.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 13 Other reserves

|                                  | Land<br>revaluation<br>\$ | Currency<br>translation<br>\$ | Total<br>\$       |
|----------------------------------|---------------------------|-------------------------------|-------------------|
| Balance at 1 December 2016       | 22,746,770                | (4,837,666)                   | 17,909,104        |
| Currency translation differences | --                        | 88,488                        | 88,488            |
| Balance at 30 November 2017      | <u>22,746,770</u>         | <u>(4,749,178)</u>            | <u>17,997,592</u> |
| Balance at 1 December 2017       | 22,746,770                | (4,749,178)                   | 17,997,592        |
| Revaluation (Note 5)             | 6,540,000                 | --                            | 6,540,000         |
| Currency translation differences | --                        | (91,665)                      | (91,665)          |
| Balance at 30 November 2018      | <u>29,286,770</u>         | <u>(4,840,843)</u>            | <u>24,445,927</u> |

### 14 Other equity instrument

|                             | 2018<br>\$ | 2017<br>\$  |
|-----------------------------|------------|-------------|
| Balance at 1 December       | --         | 5,000,000   |
| Redemptions during the year | --         | (5,000,000) |
| Balance at 30 November      | <u>--</u>  | <u>--</u>   |

### 15 Treasury shares

The Parent Company established an Employees' Profit and Share Ownership Plan (ESOP) for all permanent employees. The Trust Deed and Rules of the Plan have been approved by the Board of Inland Revenue under Section 35 of the Income Tax Act Chapter 75:01. The ESOP holds Parent Company shares as part of the ESOP arrangement.

Treasury shares are as follows:

|                                                   | Ordinary shares<br>no. of shares | \$<br>Restated    |
|---------------------------------------------------|----------------------------------|-------------------|
| Balance at 1 December 2016                        | 1,760,088                        | 13,006,606        |
| Disposal of shares                                | --                               | --                |
| Balance at 30 November 2017                       | <u>1,760,088</u>                 | <u>13,006,606</u> |
| Balance at 1 December 2017 (Restated) see Note 29 | 1,760,088                        | 13,006,606        |
| Disposal of shares                                | (231,517)                        | (1,722,205)       |
| Balance at 30 November 2018                       | <u>1,528,571</u>                 | <u>11,284,401</u> |

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

| 16 | <b>Borrowings</b>  | <b>2018</b>       | <b>2017</b>       |
|----|--------------------|-------------------|-------------------|
|    |                    | <b>\$</b>         | <b>\$</b>         |
|    | <i>Non-current</i> |                   |                   |
|    | Bank borrowings    | 49,000,000        | 66,500,000        |
|    | <i>Current</i>     |                   |                   |
|    | Bank borrowings    | <u>30,998,250</u> | <u>14,000,000</u> |
|    | Total borrowings   | <u>79,998,250</u> | <u>80,500,000</u> |

### Loan 1

This loan represents a fixed rate TT dollar bond for \$140 million at a rate of 6.25% per annum. Interest is payable quarterly. Principal is repayable by 40 quarterly equal instalments of \$3.5m which commenced on 3 September 2013. The bond is secured by a registered demand first debenture on the fixed and floating assets of the parent company. The fair value based on cash flows discounted using a current borrowing rate of 5.25% (2017: 6.5%) was \$62,085,162 (2017: \$76,588,947).

### Loan 2

The borrowing represents a US dollar loan for US\$3 million at a rate of 5.75% per annum, to be reset every 3 months until maturity date. Interest is payable monthly. Principal is repayable by 6 monthly equal instalments of US \$500,000 which commenced on 8 December 2017. This loan was repaid in full in 2018.

### Loan 3

The borrowing represents a US dollar loan for US\$3 million at a rate of 6.76% per annum, to be reset every 3 months until maturity date. Interest is payable monthly. Principal is repayable by 6 monthly equal instalments of US \$500,000 which commenced on 10 October 2018. This loan is unsecured. The fair value of the short term borrowing approximates to its carrying value.

The Group has the following undrawn borrowing facilities:

|                                                                 | <b>2018</b>       | <b>2017</b>       |
|-----------------------------------------------------------------|-------------------|-------------------|
|                                                                 | <b>\$</b>         | <b>\$</b>         |
| Floating rate:                                                  |                   |                   |
| Expiring within one year (Interest rate ranges from 5.25%-7.5%) | <u>40,000,000</u> | <u>14,500,000</u> |

These facilities are secured by a registered demand first debenture on the fixed and floating assets of the parent company. The facilities are subject to review at various dates during 2019.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

|                             | <b>2018</b>       | <b>2017</b>       |
|-----------------------------|-------------------|-------------------|
|                             | <b>\$</b>         | <b>\$</b>         |
| Trinidad and Tobago dollars | 63,000,000        | 80,500,000        |
| United States dollars       | <u>16,998,250</u> | <u>--</u>         |
|                             | <u>79,998,250</u> | <u>80,500,000</u> |

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

|    |                                                                                          |                    |                    |
|----|------------------------------------------------------------------------------------------|--------------------|--------------------|
| 17 | <b>Trade and other payables</b>                                                          | <b>2018</b>        | <b>2017</b>        |
|    |                                                                                          | <b>\$</b>          | <b>\$</b>          |
|    |                                                                                          |                    | <b>Restated</b>    |
|    | <i>Non-current</i>                                                                       |                    |                    |
|    | Other payables (stock based compensation)                                                | <u>1,539,533</u>   | <u>2,108,856</u>   |
|    | <i>Current</i>                                                                           |                    |                    |
|    | Trade payables                                                                           | 92,291,381         | 82,137,946         |
|    | Accrued expenses                                                                         | 18,108,203         | 25,835,690         |
|    | Stock based compensation                                                                 | 7,182,262          | 10,723,587         |
|    | Payroll related taxes and other benefits                                                 | <u>11,252,592</u>  | <u>12,610,559</u>  |
|    |                                                                                          | <u>127,294,905</u> | <u>129,198,925</u> |
|    | Total trade and other payables                                                           | <u>128,834,438</u> | <u>131,307,781</u> |
| 18 | <b>Related party balances and transactions</b>                                           | <b>2018</b>        | <b>2017</b>        |
|    |                                                                                          | <b>\$</b>          | <b>\$</b>          |
|    |                                                                                          |                    | <b>Restated</b>    |
|    | <i>a. Due to related parties</i>                                                         |                    |                    |
|    | Due to affiliated companies                                                              | <u>6,067,326</u>   | <u>5,825,175</u>   |
|    | Prestige Holdings Limited conducted the following transactions with its related parties: |                    |                    |
|    | Purchase of foods and related supplies                                                   | 52,811,237         | 53,622,062         |
|    | Purchases – other                                                                        | 1,076,938          | 1,418,201          |
|    | Lease of properties                                                                      | <u>1,427,970</u>   | <u>1,427,970</u>   |
|    | <i>b. Directors' fees</i>                                                                | <u>1,032,000</u>   | <u>1,020,000</u>   |
|    | <i>c. Key management compensation</i>                                                    |                    |                    |
|    | Salaries and other short-term benefits                                                   | 9,419,086          | 8,164,558          |
|    | Stock based compensation                                                                 | <u>(481,790)</u>   | <u>542,638</u>     |
|    |                                                                                          | <u>8,937,297</u>   | <u>8,707,196</u>   |

## 19 Cost of sales

Cost of sales includes food supplies, packaging materials, labour and other costs directly related to the level of sales.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 20 Expenses by nature

|                                                                                       | 2018<br>\$           | 2017<br>\$<br>Restated |
|---------------------------------------------------------------------------------------|----------------------|------------------------|
| The following items have been charged/(credited) in arriving at the operating profit: |                      |                        |
| Cost of inventories (Note 9)                                                          | 437,280,877          | 431,313,060            |
| Employee benefit expense (Note 27)                                                    | 181,068,832          | 174,766,171            |
| Other expenses                                                                        | 86,308,337           | 85,266,163             |
| Royalties                                                                             | 64,973,175           | 64,858,469             |
| Operating lease expenses                                                              | 60,538,330           | 57,970,118             |
| Depreciation and amortisation                                                         | 49,583,807           | 48,061,069             |
| Advertising costs                                                                     | 43,344,607           | 42,603,918             |
| Utilities                                                                             | 23,107,607           | 22,557,352             |
| Repairs and maintenance on property, plant and equipment                              | 26,171,917           | 29,470,483             |
| Security                                                                              | 17,560,639           | 17,640,708             |
| Insurance                                                                             | 5,962,265            | 5,479,907              |
| Foreign exchange losses                                                               | 5,185,134            | 5,563,766              |
| Profit on disposal of property, plant and equipment                                   | (569,898)            | (184,268)              |
| Cost of sales, other operating and administrative expenses                            | <u>1,000,515,631</u> | <u>985,366,916</u>     |

### 21 Finance costs

|                                    | 2018<br>\$       | 2017<br>\$       |
|------------------------------------|------------------|------------------|
| Bank borrowings - interest expense | 5,071,206        | 5,359,375        |
| Other interest expense             | --               | 62,500           |
|                                    | <u>5,071,206</u> | <u>5,421,875</u> |

### 22 Income tax expense

|                              |                    |                   |
|------------------------------|--------------------|-------------------|
| Current tax                  | 13,841,309         | 18,857,753        |
| Prior year under provision   | 22,362             | 216,016           |
| Deferred tax credit (Note 8) | <u>(1,538,822)</u> | <u>(784,314)</u>  |
|                              | <u>12,324,849</u>  | <u>18,289,455</u> |

The taxation charge differs from the theoretical amount that would arise using the basic rate of tax as follows:

|                                          |                   |                   |
|------------------------------------------|-------------------|-------------------|
| Profit before income tax                 | <u>38,695,264</u> | <u>51,444,863</u> |
| Tax calculated at 30% (2017: 25%/30%)    | 11,608,579        | 15,347,134        |
| Expenses not deductible for tax purposes | 693,908           | 1,854,086         |
| Effect of change in tax rates            | --                | 872,219           |
| Prior year under provision               | <u>22,362</u>     | <u>216,016</u>    |
|                                          | <u>12,324,849</u> | <u>18,289,455</u> |

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 23 Group earnings per share

#### a. Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders by the weighted average number of common shares in issue during the year.

|                                                                                                   | 2018<br>\$        | 2017<br>\$<br>Restated |
|---------------------------------------------------------------------------------------------------|-------------------|------------------------|
| Profit attributable to owners of the Parent Company                                               | <u>26,370,415</u> | <u>33,155,408</u>      |
| Weighted average number of common shares<br>in issue during the year exclusive of treasury shares | <u>60,984,431</u> | <u>60,752,914</u>      |
| Basic earnings per share (exclusive of treasury shares)                                           | <u>43.2¢</u>      | <u>54.6¢</u>           |

#### b. Diluted

For the diluted earnings per share, the weighted average number of common shares in issue is adjusted to assume conversion of all dilutive potential common shares.

|                                                                                     | 2018<br>\$        | 2017<br>\$<br>Restated |
|-------------------------------------------------------------------------------------|-------------------|------------------------|
| Profit attributable to owners of the parent company                                 | <u>26,370,415</u> | <u>33,155,408</u>      |
| Weighted average number of common shares<br>in issue for diluted earnings per share | <u>62,031,239</u> | <u>61,751,096</u>      |
| Diluted earnings per share                                                          | <u>42.5¢</u>      | <u>53.7¢</u>           |

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 24 Segment information – geographical segment

The Group is principally engaged in the restaurant industry (casual and quick service), operating the worldwide KFC, Pizza Hut, Subway, Starbucks and TGI Fridays concepts in Trinidad and Tobago and the TGIF Fridays concept in Jamaica. Management has determined the operating segments based on the reports reviewed by the Executive Committee and the Board of Prestige Holdings Limited.

The Executive Committee and the Board considers the business from a geographic basis consisting of local and overseas operations. Geographically, management considers the performance of operating companies in Trinidad and Tobago and Jamaica. The Executive Committee and the Board assess the performance of the operating segments based on a measure of revenue and profit before taxation.

Trinidad and Tobago is the home country of the Parent Company which is also the main operating company and Weekenders Trinidad Limited (the entity that holds the franchise for TGI Fridays in Trinidad and Tobago). The Parent Company's principal subsidiary outside of Trinidad is located in Jamaica. All companies operate in the restaurant sector and have been aggregated together based on the nature of products and services they provide, nature of production processes, type of customers, methods used to distribute products and services and the nature of the regulatory environment. This resulted in two operating segments, one for Trinidad and Tobago and another for the Group's overseas operations as shown below.

The segment results for the year ended 30 November 2018 are as follows:

|                          | Trinidad<br>\$ | Others<br>\$ | Group<br>\$   |
|--------------------------|----------------|--------------|---------------|
| Total segment revenue    | 1,024,510,390  | 17,875,911   | 1,042,386,301 |
| Operating profit         | 41,961,786     | 1,804,684    | 43,766,470    |
| Finance costs – net      | (5,071,206)    | --           | (5,071,206)   |
| Profit before income tax | 36,890,580     | 1,804,684    | 38,695,264    |
| Taxation                 | (11,927,394)   | (397,455)    | (12,324,849)  |
| Profit for the year      | 24,963,186     | 1,407,229    | 26,370,415    |

The segment results for the year ended 30 November 2017 are as follows:

|                          | Trinidad<br>\$ | Others<br>\$ | Group<br>\$   |
|--------------------------|----------------|--------------|---------------|
| Total segment revenue    | 1,026,677,619  | 13,389,159   | 1,040,066,778 |
| Operating profit         | 56,243,321     | 623,417      | 56,866,738    |
| Finance costs – net      | (5,421,875)    | --           | (5,421,875)   |
| Profit before income tax | 50,821,446     | 623,417      | 51,444,863    |
| Taxation                 | (18,052,024)   | (237,431)    | (18,289,455)  |
| Profit for the year      | 32,769,422     | 385,986      | 33,155,408    |

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued) 30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 24 Segment information – geographical segment (continued)

Other segment items included in the consolidated income statement are as follows:

|              | Year ended 30 November 2018 |              |             |
|--------------|-----------------------------|--------------|-------------|
|              | Trinidad<br>\$              | Others<br>\$ | Group<br>\$ |
| Depreciation | 46,528,694                  | 470,984      | 46,999,678  |
| Amortisation | 2,584,129                   | --           | 2,584,129   |

|              | Year ended 30 November 2017 |              |             |
|--------------|-----------------------------|--------------|-------------|
|              | Trinidad<br>\$              | Others<br>\$ | Group<br>\$ |
| Depreciation | 45,010,092                  | 400,038      | 45,410,130  |
| Amortisation | 2,650,939                   | --           | 2,650,939   |

The segment assets and liabilities at 30 November 2018 and capital expenditure for the year then ended are as follows:

|                     | Trinidad<br>\$ | Others<br>\$ | Group<br>\$ |
|---------------------|----------------|--------------|-------------|
| Assets              | 497,549,328    | 7,955,877    | 505,505,205 |
| Liabilities         | 207,958,418    | 8,405,054    | 216,363,472 |
| Capital expenditure | 41,524,212     | 29,316       | 41,553,528  |

The segment assets and liabilities at 30 November 2017 and capital expenditure for the year then ended are as follows:

|                     | Trinidad<br>\$ | Others<br>\$ | Group<br>\$ |
|---------------------|----------------|--------------|-------------|
| Assets              | 490,676,517    | 6,814,656    | 497,491,173 |
| Liabilities         | 214,842,279    | 8,579,401    | 223,421,680 |
| Capital expenditure | 48,841,068     | 472,188      | 49,313,256  |

### 25 Dividends

On 20 February 2018, the Board of Directors of Prestige Holdings Limited approved a final dividend of 20 cents, bringing the total dividends for the financial year ended 30 November 2018 to 32 cents (2017: 34 cents).

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

| 26 | Cash generated from operations                      | 2018<br>\$        | 2017<br>\$<br>Restated |
|----|-----------------------------------------------------|-------------------|------------------------|
|    | Profit before income tax                            | 38,695,264        | 51,444,863             |
|    | Adjustments for:                                    |                   |                        |
|    | Depreciation and amortisation                       | 49,583,807        | 48,061,069             |
|    | (Decrease)/increase in other payables               | (569,323)         | 177,454                |
|    | Finance costs (Note 21)                             | 5,071,206         | 5,421,875              |
|    | Foreign exchange differences                        | (216,525)         | 72,480                 |
|    | Profit on disposal of property, plant and equipment | (569,898)         | (184,268)              |
|    | Changes in current assets and current liabilities:  |                   |                        |
|    | (Increase)/decrease in inventories                  | (2,976,547)       | 5,079,442              |
|    | Increase in trade and other receivables             | (7,544,356)       | (2,760,172)            |
|    | Decrease in trade and other payables                | (1,904,020)       | (20,627,507)           |
|    | Increase in due to related parties                  | 242,151           | 3,833,585              |
|    |                                                     | <u>79,811,759</u> | <u>90,518,821</u>      |

## 27 Employee benefit expense

|                                           |                    |                    |
|-------------------------------------------|--------------------|--------------------|
| Wages and salaries                        | 158,220,167        | 154,892,529        |
| Payroll related taxes and other benefits  | 23,099,954         | 17,098,888         |
| Stock based employee compensation         | (1,155,237)        | 2,052,628          |
| Pension costs – defined contribution plan | <u>903,948</u>     | <u>722,126</u>     |
|                                           | <u>181,068,832</u> | <u>174,766,171</u> |

## 28 Commitments and contingent liabilities

### Capital commitments

Capital commitments for the Group amounted to approximately \$29.1 million at 30 November 2018 (2017: \$2.9 million).

### Lease commitments

The Group has lease arrangements for its various stores and administrative buildings. These range from a one to twenty year periods with options to renew.

The Group's minimum lease commitments under the terms of various leases of property, plant and equipment used primarily for its restaurant operations, exclusive of any related value added tax, are as follows:

|                                       | 2018<br>\$         | 2017<br>\$         |
|---------------------------------------|--------------------|--------------------|
| Rentals due within one year           | 44,473,030         | 42,336,542         |
| Rentals due between two to five years | 112,580,204        | 108,527,603        |
| Rentals due in more than five years   | <u>45,046,514</u>  | <u>48,315,570</u>  |
|                                       | <u>202,099,748</u> | <u>199,179,715</u> |

### Custom bonds

The Group has contingent liabilities in respect of custom bonds arising in the ordinary course of business from which it is anticipated that no material liabilities will arise as follows:

|              |                |                |
|--------------|----------------|----------------|
| Custom bonds | <u>250,000</u> | <u>250,000</u> |
|--------------|----------------|----------------|

### Guarantee

The Group has a guarantee in favour of Comptroller of Customs and Excise for \$600,000.

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 29 Restatement

Prestige Holdings Limited operates an employee share ownership plan which awards permanent employees with an additional annual share bonus equal to 50% of their annual cash bonus. This share bonus vests 25% per year beginning 18 months after the bonus year. The arrangement provides employees with the choice of whether the Company settles the transaction in cash or by issuing equity instruments and as such should be accounted for as a cash-settled award. See Note 2 r. (ii) for details on the accounting policy for ESOP awards.

The financial statements have been restated for the effect of the errors on the consolidated statement of financial position and statement of comprehensive income for 2017 and 2016. The adjustments have been summarised in the following table; and include:

#### Notes

- (1) Adjustment to account for the share bonus awards as cash settled. Previously, they were accounted for as equity settled.
- (2) Adjustment to recognise all shares held in the ESOP Plan as treasury shares.
- (3) Adjustments made to correct for the following (as applicable):
  - to appropriately expense the ESOP liabilities over the Plan's vesting period instead of expensing fully in the bonus year
  - to record remeasurements of these obligations at fair value based on the changes in the share price at the end of each financial year
  - to record the net impact of dividends declared on shares held by the ESOP Plan and dividends paid on vested shares held by employees; in particular to reverse dividends paid on treasury stock, and to expense dividends paid to employees on ESOP liabilities as additional compensation cost."
- (4) Adjustments related to reduction in income tax expense arising from restatements.
- (5) Adjustment to reflect the fact that the ESOP allows the employees the option to settle in ordinary shares or in cash at the employee's option. As a result, the more dilutive of cash settlement and share settlement was used in calculating diluted EPS.

#### Consolidated balance sheet

|                                                       | Notes | 2017<br>\$         | 2016<br>\$         |
|-------------------------------------------------------|-------|--------------------|--------------------|
| Other payables - as previously reported               |       | --                 | --                 |
| Adjustment                                            | (1)   | <u>2,108,858</u>   | <u>1,931,402</u>   |
| Other payables – restated                             |       | <u>2,108,858</u>   | <u>1,931,402</u>   |
| Trade and other payables - as previously reported     |       | 124,795,579        | 146,500,954        |
| Adjustment                                            | (1)   | <u>4,403,346</u>   | <u>3,325,478</u>   |
| Trade and other payables - restated                   |       | <u>129,198,925</u> | <u>149,826,432</u> |
| Current income tax liability - as previously reported |       | 2,038,147          | 1,376,623          |
| Adjustment                                            | (4)   | <u>1,167,489</u>   | <u>926,738</u>     |
| Current income tax liabilities – restated             |       | <u>3,205,636</u>   | <u>2,303,361</u>   |

# Prestige Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 November 2018

(Expressed in Trinidad and Tobago Dollars)

### 29 Restatement (continued)

|                                            | Notes | 2017<br>\$          | 2016<br>\$          |
|--------------------------------------------|-------|---------------------|---------------------|
| Treasury shares - as previously reported   |       | (1,148,137)         | (3,575,740)         |
| Adjustment                                 | (2)   | <u>(11,858,469)</u> | <u>(9,430,866)</u>  |
| Treasury shares – restated                 |       | <u>(13,006,606)</u> | <u>(13,006,606)</u> |
| Retained earnings - as previously reported |       | 241,140,652         | 230,788,679         |
| Adjustment                                 | (3)   | <u>4,178,778</u>    | <u>3,247,248</u>    |
| Retained earnings - restated               |       | <u>245,319,430</u>  | <u>234,035,927</u>  |

### Consolidated statement of comprehensive income

|                                                                                     |     | 2017<br>\$          |
|-------------------------------------------------------------------------------------|-----|---------------------|
| Administrative expenses - as previously reported                                    |     | (82,277,737)        |
| Adjustment                                                                          | (3) | <u>539,506</u>      |
| Administrative expenses - restated                                                  |     | <u>(81,738,231)</u> |
| Income tax expense - as previously reported                                         |     | (18,048,704)        |
| Adjustment                                                                          | (4) | <u>(240,751)</u>    |
| Income tax expense - restated                                                       |     | <u>(18,289,455)</u> |
| Basic earnings per share (exclusive of treasury shares)<br>- as previously reported |     | 52.8¢               |
| Adjustment                                                                          | (5) | <u>1.8¢</u>         |
| Basic earnings per share (exclusive of treasury shares)<br>- restated               |     | <u>54.6¢</u>        |
| Diluted earnings per share - as previously reported                                 |     | 52.8¢               |
| Adjustment                                                                          | (5) | <u>0.9¢</u>         |
| Diluted earnings per share - restated                                               |     | <u>53.7¢</u>        |

### Consolidated statement of changes in equity

|                                   |     |                   |
|-----------------------------------|-----|-------------------|
| Net dividends for 2016            |     | 13,752,860        |
| Adjustment                        | (3) | <u>(387,219)</u>  |
| Net dividends for 2016 - restated |     | <u>13,365,641</u> |
| Net dividends for 2017            |     | 8,751,820         |
| Adjustment                        | (3) | <u>(245,556)</u>  |
| Net dividends for 2016 - restated |     | <u>8,506,264</u>  |