Prestige Holdings Limited

Consolidated Financial Statements

30 November 2020

(Expressed in Trinidad and Tobago Dollars)

Prestige Holdings Limited

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Prestige Holdings Limited

Statement of Management's Responsibilities

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 statement of financial position as at 30 November 2020, and the consolidated income statement – by function of expense, 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	Chief Financial Officer
25 February 2021	25 February 2021

Independent auditor's report

To the Shareholders of Prestige Holdings Limited

Report on the audit of the consolidated financial statements

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 2020, 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

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 November 2020;
- 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 and other explanatory information.

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, PO Box 550, 11-13 Victoria Avenue, Port of Spain, Trinidad, West Indies
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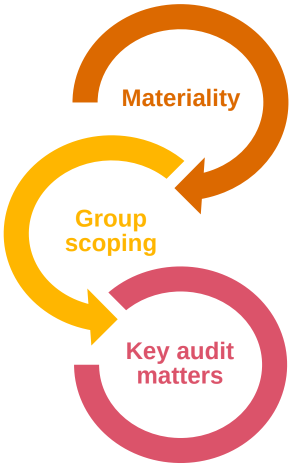
Our audit approach

Overview



- Overall group materiality: $2,182,000, which represents 5% of profit before income tax.

- The Group consists of the Company and four wholly owned subsidiaries operating in Trinidad and Tobago and Jamaica.
- Full scope audits were performed on the Company and one subsidiary which were deemed to be individually financially significant components.
- Audits of specific account balances including right-of-use assets, lease liabilities, goodwill and property, plant and equipment were performed on two other components.

- Impairment of goodwill and indefinite life intangible assets for the Subway business

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).

Full scope audits were performed on the Company and Weekenders Trinidad Limited. We also performed audit procedures over the following financial statement line items for the referenced components:

- Prestige Restaurants Jamaica Limited – right-of-use assets and lease liabilities.
- Restaurants Leasing Corporation Limited – goodwill and property, plant and equipment.

The Prestige Services Limited component was considered financially inconsequential to the Group.

PwC Trinidad and Tobago performed the full scope audits and audit procedures over specific account balances of the other components.

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.

Overall Group materiality	$2,182,000
How we determined it	5% of profit before income tax
Rationale for the materiality benchmark applied	We chose profit before income 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 5% 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 $218,000, 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.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and indefinite life intangible assets for the Subway business *Refer to notes 2(f), 2(g), 4 and 7 to the consolidated financial statements for disclosures of related accounting policies and balances.* Prior to management's impairment assessment, intangible assets stated on the Group's consolidated statement of financial position included a carrying value of $24.8 million for goodwill, of which $18.6 million relates to the Subway business, as well as $55.4 million of other deferred costs, which includes $40.8 million of franchise agreement assets relating to the Subway business. As a result of management's impairment assessment, the goodwill balance of $18.6 million relating to the Subway business was fully written down. 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 Subway business as a Cash Generating Unit (CGU) identified by management as the lowest level of operations for which there are separately identifiable cash flows.	We considered the method used by management to perform their annual impairment assessment for goodwill and intangible assets with an indefinite useful life for the Subway CGU and found it to be appropriate based on the requirements of the accounting standards. 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, amongst others, were performed: • 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 Subway business; • we agreed and tested the mathematical accuracy, including verifying spreadsheet formulae, of the DCF model; • we evaluated management's assumptions as follows:

Key audit matter	How our audit addressed the key audit matter
In performing the impairment assessment for the Subway CGU, 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: • Revenue growth rates • Gross margins • Weighted average cost of capital ("WACC") The Group was heavily impacted by national measures taken to combat the Covid-19 pandemic. This included the complete closure of stores for approximately one month, limitations on dine-in services and restricted operating hours. As a result of these changes in the operating environment, management continue to focus on maximising operational efficiencies and have implemented a number of further initiatives focused on growing the ecommerce aspect of the business aimed in particular at the delivery, drive-thru and curbside channels. We focused our attention on this area due to the material nature of the balances and the inherent subjectivity in forecasting future financial performance, particularly in an environment where the full effect of the Covid-19 pandemic remains uncertain.	➢ ***Revenue growth rates*** - we evaluated management's assumptions for each of its planned initiatives for the next 5 years, including considering any contrary evidence around the entity's ability to achieve the forecast growth rates in the current economic environment. The evaluation considered the financial performance post emergence of Covid-19 and the implementation of the revised operating model. We further assessed management's assumptions and judgements related to the future impact of Covid-19 including the potential for further national measures including lockdowns and mandated closures as well as the progress and success of vaccination programmes. We evaluated management's assumption that performance will return to pre-Covid-19 levels in year 2 and we assessed the historical revenues of similar businesses operated by management in pre-Covid-19 circumstances to determine the reasonableness of the subsequent growth assumptions. ➢ ***Gross margins*** – we compared gross margins to historical and current period results and evaluated the projected gross margins in light of the cost management structures implemented by the Group and in conjunction with our assessment of revenue growth rates outlined above. ➢ ***WACC & Terminal Value*** – we evaluated certain inputs within the WACC calculation, including the cost of equity, as well as management's determination of 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. Further, we: • considered subsequent events and any associated impact on the entity's cash flows and forecast; and • tested disclosures around sensitivities in key assumptions as contained in Note 4 to the consolidated financial statements. The results of the above audit procedures indicated management's goodwill impairment assessment conclusion was not unreasonable.

Other information

Management is responsible for the other information. The other information comprises the 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 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

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.

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

- 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.
- 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, actions taken to eliminate threats or safeguards applied.

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 extreme 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.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
26 February 2021

Prestige Holdings Limited

Consolidated Statement of Financial Position
(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 30 November 2020 $	2019 $
Assets			
Non-current assets			
Property, plant and equipment	5	300,088,110	298,095,365
Right-of-use assets	6	288,698,695	--
Intangible assets	7	61,551,914	81,323,099
Deferred income tax assets	9	5,178,514	--
		655,517,233	379,418,464
Current assets			
Inventories	10	54,998,711	58,328,632
Trade and other receivables	11	22,262,214	26,544,919
Current income tax assets		6,072,660	6,134,307
Cash and cash equivalents	12	59,712,874	64,290,186
		143,046,459	155,298,044
Total assets		798,563,692	534,716,508
Equity and liabilities			
Equity attributable to owners of the parent company			
Share capital	13	23,759,077	23,759,077
Other reserves	14	26,635,074	26,694,552
Retained earnings		250,693,242	268,441,924
		301,087,393	318,895,553
Treasury shares	15	(11,340,002)	(10,937,742)
Total equity		289,747,391	307,957,811
Liabilities			
Non-current liabilities			
Borrowings	16	47,447,584	61,100,000
Deferred income tax liability	9	--	426,851
Lease liabilities	6	265,991,559	--
Other payables	17	1,440,131	2,033,813
		314,879,274	63,560,664
Current liabilities			
Trade and other payables	17	111,200,867	136,843,560
Borrowings	16	36,914,567	15,933,333
Lease liabilities	6	31,154,600	--
Due to related parties	18	14,666,993	6,163,760
Current income tax liabilities		--	4,257,380
		193,937,027	163,198,033
Total liabilities		508,816,301	226,758,697
Total equity and liabilities		798,563,692	534,716,508

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

On 25 February 2021, 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 30 November 2020 $	2019 $
Revenue	19	896,918,441	1,112,933,070
Cost of sales	20,21	(602,114,538)	(738,483,024)
Gross profit		294,803,903	374,450,046
Other operating expenses	21	(204,197,479)	(234,965,561)
Administrative expenses	21	(69,075,205)	(82,658,949)
Impairment of goodwill	21	(18,633,730)	--
Other income	22	2,594,807	2,602,212
Operating profit		5,492,296	59,427,748
Finance costs	23	(21,241,581)	(5,069,297)
(Loss)/profit before income tax		(15,749,285)	54,358,451
Income tax expense	24	(1,999,397)	(18,538,737)
(Loss)/profit for the year		(17,748,682)	35,819,714
(Loss)/profit attributable to:			
Owners of the parent company		(17,748,682)	35,819,714
Earnings per share attributable to the equity holders of the parent company			
- **Basic earnings per share (exclusive of treasury shares)**	25	(29.1¢)	58.7¢
- **Diluted earnings per share**	25	(28.5¢)	57.7¢

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)

	Note	Year ended 30 November 2020 $	2019 $
(Loss)/profit for the year		(17,748,682)	35,819,714
Other comprehensive (loss)/ income:			
Items that may be subsequently reclassified to profit or loss			
Gain on revaluation of land	14	--	2,450,000
Currency translation differences	14	(59,478)	(201,375)
Total comprehensive (loss)/income for the year		(17,808,160)	38,068,339
Attributable to:			
Owners of the parent company		(17,808,160)	38,068,339

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 $	Other reserves $	Retained earnings $	Total $	Treasury Shares $	Total equity $
Balance at 1 December 2019		23,759,077	26,694,552	268,441,924	318,895,553	(10,937,742)	307,957,811
Comprehensive loss							
Loss for the year		--	--	(17,748,682)	(17,748,682)	--	(17,748,682)
Other comprehensive loss							
Currency translation differences	14	--	(59,478)	--	(59,478)	--	(59,478)
Total comprehensive loss for the year		--	(59,478)	(17,748,682)	(17,808,160)	--	(17,808,160)
Transactions with owners							
Purchase of treasury shares	15	--	--	--	--	(402,260)	(402,260)
Balance at 30 November 2020		23,759,077	26,635,074	250,693,242	301,087,393	(11,340,002)	289,747,391

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 capital $	Other reserves $	Retained earnings $	Total $	Treasury Shares $	Total equity $
Balance at 1 December 2018		23,759,077	24,445,927	252,221,130	300,426,134	(11,284,401)	289,141,733
Comprehensive income							
Profit for the year		--	--	35,819,714	35,819,714	--	35,819,714
Other comprehensive income/(loss)							
Revaluation surplus	14	--	2,450,000	--	2,450,000	--	2,450,000
Currency translation differences	14	--	(201,375)	--	(201,375)	--	(201,375)
Total comprehensive income for the year		--	2,248,625	35,819,714	38,068,339	--	38,068,339
Transactions with owners							
Transfer of treasury shares	15	--	--	--	--	346,659	346,659
Net dividends for 2018							
- Paid – 20 cents per share		--	--	(12,246,632)	(12,246,632)	--	(12,246,632)
Net dividends for 2019							
- Paid – 12 cents per share		--	--	(7,352,288)	(7,352,288)	--	(7,352,288)
Total transactions with owners		--	--	(19,598,920)	(19,598,920)	346,659	(19,252,261)
Balance at 30 November 2019		23,759,077	26,694,552	268,441,924	318,895,553	(10,937,742)	307,957,811

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)

	Notes	Year ended 30 November 2020 $	2019 $
Cash flows from operating activities			
Cash generated from operations	28	85,437,191	123,712,078
Interest paid	23	(21,241,581)	(5,069,297)
Income tax paid		(11,843,575)	(14,820,055)
Net cash generated from operating activities		52,352,035	103,822,726
Cash flows from investing activities			
Purchase of intangible assets	7	(1,592,528)	(3,198,252)
Purchase of property, plant and equipment	5	(48,615,809)	(64,739,536)
Proceeds from disposal of property, plant and equipment		561,214	587,825
Net cash used in investing activities		(49,647,123)	(67,349,963)
Cash flows from financing activities			
Purchase of treasury shares	15	(402,260)	--
Proceeds from borrowings		31,247,900	44,000,000
Dividends paid to shareholders		--	(19,598,920)
Payments on lease liabilities		(14,208,781)	--
Repayment of borrowings		(23,919,083)	(46,964,917)
Net cash used in financing activities		(7,282,224)	(22,563,837)
Net (decrease)/increase in cash and cash equivalents		(4,577,312)	13,908,926
Cash and cash equivalents			
At start of year		64,290,186	50,381,260
At end of year	12	59,712,874	64,290,186

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

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.

(i) *Changes in accounting policies and disclosures*

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

The Group has applied the following standards, amendments and interpretations for the first time for the financial year beginning 1 December 2019:

- IFRS 16 Leases

  IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases – Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

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

a. *Basis of preparation (continued)*

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

(a) *New standards, amendments and interpretations adopted by the Group (continued)*

- IFRS 16 Leases (continued)

  The standard removes the IAS 17 requirement for lessees to classify leases as finance leases or operating leases by introducing a single lessee accounting model that requires the recognition of lease assets (right-of-use assets) and lease liabilities on the statement of financial position for most leases. Also, lessees will now separately recognise interest expense on the lease liability and depreciation expense on the right-of-use asset in the income statement.

  Lessor accounting is substantially unchanged from accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

  The adoption of IFRS 16 has resulted in changes in the accounting policy disclosed in the financial statements. Details of the new accounting policy in relation to IFRS 16 and the impact on the consolidated financial statements on adoption of the new standard are outlined in Note 2.w and Note 6.

- IFRIC 23, 'Uncertainty over income tax treatments'

  This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments.

  IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

  There was no impact on the consolidated financial statements on adoption of the new standard.

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

There are no future IFRSs or IFRIC interpretations that are expected to have a material impact on the Group's consolidated financial statements in the current or future reporting periods and on foreseeable future transactions.

b. *Consolidation*

(i) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control.

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

b. *Consolidation (continued)*

(i) *Subsidiaries (continued)*

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.

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 in 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.

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

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.

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 costs'. 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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
(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.

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 in the consolidated income statement 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.

(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.

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

f. *Intangible assets (continued)*

(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 those measured at amortised cost (Note 8 and 11).

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) *Recognition, derecognition 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. Financial assets are initially recognised at fair value, in the case of a financial asset not at fair value through profit or loss (FVPL), the 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.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The measurement category into which the Group classifies its debt instruments, is as follows:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement and presented in 'Administrative expenses' together with foreign exchange gains and losses. Impairment losses are presented in 'Administrative expenses'.

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

j. *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position 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 on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due.

The expected loss rates are based on payment terms and corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the customer's ability to settle the receivables. Macroeconomic variables used include, but are not limited to unemployment rate, GDP and inflation rate.

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.

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

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.

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 statement of financial position 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.

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 statement of financial position 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 statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

s. *Current and deferred income tax (continued)*

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.

t. *Revenue recognition*

The Group operates a chain of restaurants selling food and drink items. Revenue from the sale of goods is recognised when control of the products have transferred, being when the products are delivered to the customer, the customer has full discretion over the use and deployment of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Sales are usually in cash, by debit or credit card and only minimally through trade receivables. The transaction price is the amount which is invoiced to the customer, net of value added tax.

Other income comprises net revenue from non-core business activities. The Group comprises other income when it can be reliably measured and it is probable that future economic benefits will flow to the Group.

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. *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.

w. *Leases*

The Group has adopted IFRS 16 Leases from 1 December 2019 using the modified retrospective approach and as permitted under the specific transition provisions in the standard has not restated comparative information for the 2019 reporting period.

The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4.

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

w. *Leases (continued)*

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 December 2019;
- Exclude initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- Apply the exemption not to recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term remaining as of the date of initial application; and
- Use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Measurement of right-of-use assets and lease liabilities

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases of commercial restaurant, warehouse and office space, which had previously been classified as operating leases. The right-of-use assets were measured at an amount equal to the lease liabilities on implementation date of the standard.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 December 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average incremental borrowing rate applied to the lease liabilities on 1 December 2019 was 5.25%.

The following table reconciles the minimum lease commitments disclosed in the Group's 30 November 2019 annual financial statements to the amount of lease liabilities recognised on 1 December 2019:

	At 1.12.2019 $
Minimum operating lease commitments at 30 November 2019	246,895,724
Less: short-term leases not recognised as a liability	(27,193,863)
Less: low-value leases not recognised as a liability	--
Add: effect of extension and termination options reasonably certain to be exercised	203,013,800
Other adjustments	10,562,731
Undiscounted lease payments	433,278,392
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(104,442,167)
Lease liabilities recognised as at 1 December 2019	328,836,225
Current lease liabilities	31,685,101
Non-current lease liabilities	297,151,124
	328,836,225

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

w. *Leases (continued)*

Lessor accounting

The Group leases out part of its property which is also occupied by its restaurants under operating leases. The Group was not required to make any adjustments, on adoption of IFRS 16, for leases in which it acts as a lessor.

Amendment to IFRS 16 Leases – COVID-19 related rent concessions.

On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees to assess whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this has resulted in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurred. The practical expedient only applies to rent concessions for lessees (but not lessors) occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 20 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

The Group recognised a credit to profit or loss of $17,493,289 as a result of the application of this amendment (Note 6). This amendment which became effective 1 June 2020 was early adopted by the Group.

Policy applicable from 1 December 2019

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Group as a lessee

The Group mainly leases commercial restaurant, warehouse and office space used in its operations. Rental contracts for these leases are typically made for fixed periods of six months to twenty years, but may have extension options, which are described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices stated in the contracts.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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

w. *Leases (continued)*

Policy applicable from 1 December 2019 (continued)

The Group as a lessee (continued)

The Group applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. At lease commencement date, the Group recognises a right-of-use asset and a lease liability in the consolidated statement of financial position.

The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liability, any initial direct costs incurred by the Group, any lease payments made in advance of the lease commencement date (net of any incentives received) and restoration costs.

Subsequent to initial measurement, the right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group does not revalue any of its right-of-use assets, however, it assesses these assets for impairment when such indicators exist.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the Group's incremental borrowing rate is used, being the rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. These rates were attained from our local bankers.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option;
- Penalty payments for early termination of a lease unless the Group is reasonably certain not to terminate early;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Amounts expected to be payable by the Group under residual value guarantees.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

The Group remeasures the lease liability when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option. Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated income statement if the carrying amount of the right-of-use asset has been reduced to zero.

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

w. *Leases (continued)*

Policy applicable from 1 December 2019 (continued)

The Group as a lessee (continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments (or credits) are recognised as an expense (or income) in the period in which the event or condition that triggers those payments. The Group did not have any variable lease payments that do not depend on an index or a rate for the period ended 30 November 2020. Covid-19 rental waivers were accounted for as variable lease payments.

The Group applies the short-term lease recognition exemption to its short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets to leases that are considered to be low value. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

The Group as a lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Assets leased out under operating leases are included in property, plant and equipment in the consolidated statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similarly owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a pattern reflecting a constant periodic rate of return on the lessor’s net investment.

Accounting policy applied until 30 November 2019

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.

Lease income from operating leases where the Group is a lessor is recognised on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statement of financial position based on their nature. The Group did not make any adjustments to the accounting for assets held as lessor as a result of adopting IFRS 16.

x. *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.

y. *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.

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

y. *Fair value estimation (continued)*

- Level 2 - The inputs are inputs other that 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 8.

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 2020, the US dollar obligation in TT dollars arising mainly from foreign inventory suppliers and accrued balances was $39,065,725 (2019: $46,113,730). In addition, there was a US dollar loan outstanding in TT dollars of $8,436,625 (2019: nil). If the currency had weakened/strengthened by 7% against the US dollar with all other variables held constant, post-tax profits for the year would have been $1,914,221 (2019: $2,259,573) 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, this would have amounted to $413,395 (2019: $ nil).

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

3 **Financial risk management (continued)**

a. *Financial risk factors (continued)*

(i) *Market risk (continued)*

(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.

The Group's exposure to cash flow interest rate risk arises from the variable interest rate on two TT dollar loans, one taken in 2019 and the other taken this year, both being repayable in 15 years, and a USD dollar loan taken this year, repayable in 1 year.

	2020		**2019**	
	$	**%**	**$**	**%**
Variable rate borrowings	45,862,151	54	28,033,333	36
Other borrowings – fixed rate	38,500,000	46	49,000,000	64
	84,362,151	100	77,033,333	100

As at 30 November 2020, the variable rate borrowing obligation was $45,862,151 with an interest rate of 5.5%, to be reset every three years for the TT dollar loan and 5.22% to be reset every month for the US dollar loan. 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 $151,000 (2019: $46,000). 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 $168,000 (2019: $51,000).

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

(c) *Price risk*

The Group's exposure to price risk arises from remeasurements of the ESOP liability at each statement of financial position date. If the Company's share price had increased or decreased by 10% with all other variables held constant, post-tax profits for the year would have increased or decreased by $636,000 (2019: $941,000).

(i) *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. Management has assessed that there is low credit risk based on the reputable financial institutions which the Group does business with and as such no impairment losses are recognised.

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.

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) *Impairment of financial assets*

The potential impairment loss on trade receivables subject to the general provision requirements of IFRS 9 is immaterial for both 2019 and 2020.

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 statement of financial position 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 statement of financial position date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

	6 months or less $	6 to 12 months $	1 to 5 years $	Over 5 years $	Total $
At 30 November 2020					
Borrowings - third party	19,026,427	10,268,243	47,293,803	26,376,724	102,965,197
Lease liabilities	23,290,335	22,359,559	172,178,428	194,951,582	412,779,904
Due to related parties	14,666,993	--	--	--	14,666,993
Trade and other payables, excluding statutory liabilities	99,395,454	--	1,440,131	--	100,835,585
	156,379,209	32,627,802	220,912,362	221,328,306	631,247,679
At 30 November 2019					
Borrowings - third party	10,216,067	9,978,561	48,840,561	25,277,426	94,312,615
Due to related parties	6,163,760	--	--	--	6,163,760
Trade and other payables, excluding statutory liabilities	121,468,608	--	2,033,813	--	123,502,421
	137,848,435	9,978,561	50,874,374	25,277,426	223,978,796

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

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, total lease liabilities (including 'current and non-current' as shown in the consolidated statement of financial position) and bank overdraft less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	2020 $	2019 $
Net debt	321,795,436	12,743,147
Total equity	289,747,391	307,957,811
Total capital	611,542,827	320,700,958
Net debt to equity ratio	52.6%	3.97%

The net debt to equity ratio increased from 3.97% to 57.5% following the adoption of IFRS 16 Leases. Both net debt and gross assets increased following the recognition of right-of-use assets and lease liabilities on 1 December 2019. See Note 6 for further information.

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.

	2020 $	2019 $
Cash and cash equivalents	59,712,874	64,290,186
Borrowings	(84,362,151)	(77,033,333)
Lease liabilities	(297,146,159)	--
Net debt	(321,795,436)	(12,743,147)
Cash and cash equivalents	59,712,874	64,290,186
Gross debt – fixed interest rates	(335,646,159)	(49,000,000)
Gross debt – variable interest rates	(45,862,151)	(28,033,333)
Net debt	(321,795,436)	(12,743,147)

3 **Financial risk management (continued)**

b. *Capital risk management (continued)*

	Cash $	Borrowings $	Lease liabilities $	Total $
Cash flows	(5,991,137)	501,750	--	(5,489,387)
Net debt as at 30 November 2018	50,381,260	(79,998,250)	--	(29,616,990)
Cash flows	13,908,926	2,964,917	--	16,873,843
Net debt as at 30 November 2019	64,290,186	(77,033,333)	--	(12,743,147)
Cash flows	(4,577,312)	(7,328,818)	(297,146,159)	(309,052,289)
Net debt as at 30 November 2020	59,712,874	(84,362,151)	(297,146,159)	(321,795,436)

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 Notes 2 f and 2 g. 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 7.

The table below shows the potential impairment impact on intangibles assets should there be a worsening in the key assumptions by 0.5% with all other variables held constant.

	2020 $	2019 $
Year 1 growth rate	2,572,736	1,278,935
Year 2-5 growth rate	7,359,421	7,922,416
Average gross margin	610,873	212,078
Weighted average cost of capital	2,443,822	2,302,201

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 (note this information was only presented for the prior year as an impairment charge was recognised in the current year):

	2019	
	From %	**To %**
Year 1 growth rate	3.63	3.29
Year 2-5 growth rate	2.30	2.20
Average gross margin	29.00	28.56
Weighted average cost of capital	9.50	9.76

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 Notes 2 f and 2 g. 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 7. If the growth rate for year 1 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 (2019: nil). 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 (2019: nil). If the average 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 (2019: nil). 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 (2019: nil). 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:

	2020		**2019**	
	From %	**To %**	**From %**	**To %**
Year 1 growth rate	35.0	19.0	11.0	5.4
Year 2-5 growth rate	3.6	(0.6)	2.0	0.1
Average gross margin	39.8	33.1	39.4	36.3
Weighted average cost of capital	13.8	19.7	12.2	16.0

5 Property, plant and equipment

	Land $	Buildings and improvements $	Plant and machinery $	Vehicles $	Furniture $	Work in progress $	Total $
Year ended 30 November 2020							
Opening net book amount	61,935,000	142,978,913	47,167,458	4,998,419	40,853,175	162,400	298,095,365
Additions	36,700,000	1,844,905	4,001,848	1,644,263	1,490,178	2,934,615	48,615,809
Disposals	--	(22,696)	(85,200)	(4,140)	(2,300)	--	(114,336)
Exchange differences	--	(82,105)	(14,132)	--	(6,174)	--	(102,411)
Depreciation charge	--	(21,110,338)	(12,600,309)	(2,868,281)	(9,827,389)	--	(46,406,317)
Closing net book amount	98,635,000	123,608,679	38,469,665	3,770,261	32,507,490	3,097,015	300,088,110
At 30 November 2020							
Cost or valuation	98,635,000	333,899,835	275,316,397	21,299,511	153,878,274	3,097,015	886,126,032
Accumulated depreciation	--	(210,291,156)	(236,846,732)	(17,529,250)	(121,370,784)	--	(586,037,922)
Net book amount	98,635,000	123,608,679	38,469,665	3,770,261	32,507,490	3,097,015	300,088,110
Year ended 30 November 2019							
Opening net book amount	59,485,000	119,105,375	41,258,457	8,166,812	35,000,950	15,214,693	278,231,287
Additions	--	15,926,290	13,180,267	--	12,928,894	22,704,085	64,739,536
Revaluation surplus	2,450,000	--	--	--	--	--	2,450,000
Transfers	--	28,014,587	6,428,479	--	3,288,311	(37,731,377)	--
Disposals	--	(27,941)	(97,702)	(262,171)	430	(25,001)	(412,385)
Exchange differences	--	(80,952)	(18,138)	--	(5,395)	--	(104,485)
Depreciation charge	--	(19,958,446)	(13,583,905)	(2,906,222)	(10,360,015)	--	(46,808,588)
Closing net book amount	61,935,000	142,978,913	47,167,458	4,998,419	40,853,175	162,400	298,095,365
At 30 November 2019							
Cost or valuation	61,935,000	332,200,402	273,933,471	20,359,497	152,396,570	162,400	840,987,340
Accumulated depreciation	--	(189,221,489)	(226,766,013)	(15,361,078)	(111,543,395)	--	(542,891,975)
Net book amount	61,935,000	142,978,913	47,167,458	4,998,419	40,853,175	162,400	298,095,365
At 30 November 2018							
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	59,485,000	119,105,375	41,258,457	8,166,812	35,000,950	15,214,693	278,231,287

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

Depreciation expense of $46,406,317 (2019: $46,808,588) is included in other operating expenses. Bank borrowings are secured on fixed assets of the Group for the value of approximately $76 million (2019: $77 million). Included in buildings and improvements are buildings amounting to $34,840,685 (2019: $38,264,771) and improvements amounting to $88,767,994 (2019: $104,714,142).

a. *Fair value of land*

Land represents freehold and leasehold 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 for all freehold properties and as at 30 November 2019 for leasehold properties. The following table analyses the non-financial assets carried at fair value, by valuation method.

	Fair value measurements as at 30 November 2019 and 2020		
	Quoted prices In active markets for identical assets (level 1) $	Significant other observable inputs (level 2) $	Significant unobservable inputs (level 3) $
2020	--	--	98,635,000
2019	--	--	61,935,000

The increase in fair value relates to purchase of land for $36,700,000.

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.

If land was stated on the historical cost basis, the amount would be $65,738,230.

6 Leases

The following tables provide information for leases where the Group is a lessee:

(i) Amounts recognised in the consolidated statement of financial position:

Right-of-use assets	**Buildings $**
Year ended 30 November 2020	
Adjustment on initial application of IFRS 16	328,836,225
Exchange adjustment	16,971
Depreciation charge	(40,154,501)
Closing net book amount	288,698,695

At 30 November 2020	**Buildings $**
Cost	328,836,225
Accumulated depreciation	(40,137,530)
Net book amount	288,698,695

Lease liabilities

	2020 $
Adjustment on initial application of IFRS 16	328,836,225
Translation adjustments	12,004
Payments	(14,208,781)
Covid-19 related rent concessions	(17,493,289)
At end of year	297,146,159
Current	31,154,600
Non-current	265,991,559
Total lease liabilities	297,146,159

(ii) Amounts recognised in the consolidated income statement:

	2020 $	**2019 $**
Interest expense on lease liabilities (Note 23)	16,132,907	--
Depreciation charge on right-of-use assets (Note 21)	40,154,501	--
Expense relating to short-term leases	2,129,094	--
Expense relating to leases of low value assets not included above	--	--
Expense relating to variable lease payments not included in lease liabilities	3,682,579	--
Covid-19 related rent concessions	17,493,289	--

The total cash outflow for leases in 2020 was $51,366,317.

7 Intangible assets

	Goodwill $	Other deferred costs $	Total $
Year ended 30 November 2020			
Opening net book amount	24,791,308	56,531,791	81,323,099
Additions	--	1,592,528	1,592,528
Disposals	--	(24,682)	(24,682)
Exchange differences	--	(448)	(448)
Impairment charge	(18,633,730)	--	(18,633,730)
Amortisation charge	--	(2,704,853)	(2,704,853)
Closing net book amount	6,157,578	55,394,336	61,551,914
At 30 November 2020			
Cost	24,791,308	86,574,030	111,365,338
Accumulated amortisation and impairment	(18,633,730)	(31,179,694)	(49,813,424)
Net book amount	6,157,578	55,394,336	61,551,914
Year ended 30 November 2019			
Opening net book amount	24,791,308	55,953,648	80,744,956
Additions	--	3,198,252	3,198,252
Disposals	--	(17,635)	(17,635)
Amortisation charge	--	(2,602,474)	(2,602,474)
Closing net book amount	24,791,308	56,531,791	81,323,099
At 30 November 2019			
Cost	24,791,308	85,119,112	109,910,420
Accumulated amortisation	--	(28,587,321)	(28,587,321)
Net book amount	24,791,308	56,531,791	81,323,099
At 30 November 2018			
Cost	24,791,308	81,982,248	106,773,556
Accumulated amortisation	--	(26,028,600)	(26,028,600)
Net book amount	24,791,308	55,953,648	80,744,956

Amortisation charge of $2,704,853 (2019: $2,602,474) is included in other operating expenses.

7 **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.

	2020 $	2019 $
Weekenders Trinidad Limited		
Goodwill	6,157,578	6,157,578

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 Year 1 %	Growth rate Year 2 - 5	Pre-tax Discount rate %
2020	39.8	35.0	4.0	13.8
2019	39.4	11.0	2.0	12.2

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. The year 1 growth was benchmark against a period when Covid-19 adversely impacted on the business and the operations generated lower revenue. In year 1 we expect some level of revenue recovery.

Subway business	2020 $	2019 $
Goodwill	18,633,730	18,633,730
Accumulated impairment	(18,633,730)	--
	--	18,633,730
Intangible assets – franchise agreements	40,800,000	40,800,000
Assets acquired	40,800,000	59,433,730

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.

7 **Intangible assets (continued)**

Impairment tests for goodwill and intangible assets (continued)

Subway business (continued)

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

Year ended 30 November 2020

	Year 1 %	Year 2 %	Year 3- 5 %
Average gross margin	30.8	31.3	31.8
Revenue growth rates	14.70	20.80	2.00
Weighted average cost of capital	12.10	12.10	12.10

Year ended 30 November 2019

	Year 1 %	Year 2 %	Year 3- 5 %
Average gross margin	28.00	28.90	29.40
Revenue growth rates	3.60	2.30	2.30
Weighted average cost of capital	9.50	9.50	9.50

Assumptions for gross margins, growth rates and pre-tax weighted average cost of capital are based upon past performance, economic conditions and expectations for market development. The year 1 revenue growth rate was benchmarked against a period when Covid-19 adversely impacted the business and operations generated lower revenue. Management's focus given the current economic conditions will be to continue on maximising operational efficiencies and growing the ecommerce aspect of the business aimed in particular at the delivery, drive-thru and curbside channels. Revenue is expected to make a full recovery in year 2 with projected growth going forward.

Refer to Note 4 for details of sensitivity analysis performed over the key assumptions noted above for each acquired business.

8 **Financial instruments by category**

	Loans and receivables	
	2020 $	2019 $
Assets as per consolidated statement of financial position		
Trade and other receivables, excluding prepayments	3,142,069	4,092,939
Cash and cash equivalents	59,712,874	64,290,186
Total	62,854,943	68,383,125

	Other financial liabilities at amortised cost	
	2020 $	2019 $
Liabilities as per consolidated statement of financial position		
Borrowings	84,362,151	77,033,333
Lease liabilities	297,146,159	--
Trade and other payables, excluding statutory liabilities	100,835,585	123,502,421
Due to related parties	14,666,993	6,163,760
Total	497,010,888	206,699,514

8 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	• Future cash flows • Current market interest rate at year end

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

9 Deferred income tax

	2020 $	2019 $
Opening amount	426,851	1,000,619
Credit to consolidated income statement (Note 24)	(5,634,559)	(604,888)
Foreign exchange translation	29,194	31,120
Closing amount	(5,178,514)	426,851

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

Year ended 30 November 2020	At 1.12.19 $	Credit to income statement $	Forex $	At 30.11.20 $
Deferred income tax liabilities/(assets)				
Accelerated tax depreciation	426,851	(2,764,248)	29,194	(2,308,203)
Leases liabilities	--	(2,713,806)	--	(2,713,806)
Tax losses	--	(156,505)	--	(156,505)
	426,851	(5,634,559)	29,194	(5,178,514)

Year ended 30 November 2019	At 1.12.18 $	(Credit)/charge to income statement $	Forex $	At 30.11.19 $
Deferred income tax liabilities/(assets)				
Accelerated tax depreciation	1,232,105	(809,119)	3,865	426,851
Tax losses	(231,486)	204,231	27,255	--
	1,000,619	(604,888)	31,120	426,851

9 Deferred income tax (continued)

The Group has accumulated tax losses of approximately $628,950 (2019: Nil) available for set off against future chargeable profits. These losses have been recognised as a deferred tax during the current year.

10 Inventories

	2020 $	2019 $
Food supplies and packaging materials	40,545,993	42,689,399
Consumable stores	14,452,718	15,639,233
	54,998,711	58,328,632

The cost of inventories recognised as expense and included in “cost of sales” amounted to $380,638,409 (2019: $467,014,827).

The write-down of inventories recognised as expense and included in “administrative expenses” amounted to $4,141,902 (2019: $3,882,516).

11 Trade and other receivables

	2020 $	2019 $
Trade receivables	3,709,232	4,284,189
Less: provision for impairment of trade receivables	(1,124,762)	(921,399)
	2,584,470	3,362,790
Prepayments	6,968,767	9,706,393
Other receivables	12,708,977	13,475,736
	22,262,214	26,544,919

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

	2020	2019
At 1 December	921,399	916,399
Provision for impairment recognised during the year	203,363	5,000
At 30 November	1,124,762	921,399

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

	2020	2019
TT dollar	21,987,016	26,420,142
Other currencies	275,198	124,777
	22,262,214	26,544,919

12 Cash and cash equivalents

	2020	2019
Cash at bank and on hand	59,712,874	64,290,186

13 Share capital

	2020 $	2019 $
Authorised		
Unlimited number of ordinary shares of no par value		
Issued and fully paid		
62,513,002 ordinary shares of no par value	23,759,077	23,759,077

14 Other reserves

	Land revaluation $	Currency translation $	Total $
Balance at 1 December 2018	29,286,770	(4,840,843)	24,445,927
Revaluation (Note 5)	2,450,000	--	2,450,000
Currency translation differences	--	(201,375)	(201,375)
Balance at 30 November 2019	31,736,770	(5,042,218)	26,694,552
Balance at 1 December 2019	31,736,770	(5,042,218)	26,694,552
Currency translation differences	--	(59,478)	(59,478)
Balance at 30 November 2020	31,736,770	(5,101,696)	26,635,074

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 no. of shares	Ordinary shares $
Balance at 1 December 2018	1,528,571	11,284,401
Transfer of shares	(62,916)	(346,659)
Balance at 30 November 2019	1,465,655	10,937,742
Balance at 1 December 2019	1,465,655	10,937,742
Purchase of shares	50,000	402,260
Balance at 30 November 2020	1,515,655	11,340,002

16 Borrowings

	2020 $	2019 $
Non-current		
Bank borrowings	47,447,584	61,100,000
Current		
Bank borrowings	36,914,567	15,933,333
Total borrowings	84,362,151	77,033,333

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 $3.5 million 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 5.0% (2019: 5.5%) was $37,825,247 (2019: $47,778,756).

Loan 2
The borrowing represents a TT dollar loan for $29 million at a rate of 5.5% per annum fixed for four years subject to three year resets thereafter. Interest is payable quarterly. Principal is repayable by 60 quarterly equal instalments of $483,333 which commenced on 27 August 2019. The loan is secured on all moveable assets constituting outfitting at the Trinicty Plaza site. The fair value based on cash flows discounted using a current borrowing rate of 5.0% (2019:5.5%) was $26,882,074 (2019: $27,223,928).

Loan 3
The borrowing represents a TT dollar loan for $11 million at a rate of 5.5% per annum fixed for four years subject to three year resets thereafter. Interest is payable quarterly. Principal is repayable by 60 quarterly equal instalments of $183,333 which commenced on 27 February 2020. The loan is secured on all moveable assets constituting outfitting at the Trinicty Plaza site. The fair value based on cash flows discounted using a current borrowing rate of 5.0% was $10,578,236.

Loan 4
The borrowing represented a US dollar loan for US$3 million at a rate of 5.22% per annum, reset every month until maturity date. Interest is payable monthly. Principal is repayable by 12 monthly equal instalments of US $250,000 which commenced on 15 April 2020. The fair value based on cash flows discounted using a current borrowing rate of 5% was TT$8,061,939. This loan is unsecured.

The Group has the following undrawn borrowing facilities:

	2020 $	2019 $
Floating rate:		
Expiring within one year (Interest rate 5.0%)	14,500,000	25,500,000

The facilities are subject to review at various dates during 2021.

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

	2020 $	2019 $
Trinidad and Tobago dollars	75,925,526	77,033,333
United States dollars	8,436,625	--
	84,362,151	77,033,333

17 Trade and other payables

	2020 $	2019 $
Non-current		
Other payables (stock based compensation)	1,440,131	2,033,813
Current		
Trade payables	80,072,238	94,614,349
Accrued expenses	13,110,720	20,117,170
Stock based compensation	7,640,449	7,057,631
Payroll related taxes and other benefits	10,377,460	15,054,410
	111,200,867	136,843,560
Total trade and other payables	112,640,998	138,877,373

18 Related party balances and transactions

a. *Due to related parties*

	2020 $	2019 $
Due to affiliated companies	14,666,993	6,163,760

Prestige Holdings Limited conducted the following transactions with its related parties:

	2020 $	2019 $
Purchase of foods and related supplies	36,996,603	56,537,259
Purchases – other	383,387	2,862,999
Other income	1,561,000	1,561,000
Lease of properties	1,172,764	1,427,970
Leases liabilities – non-current	1,741,666	--
Lease liabilities - current	1,413,229	--
	3,154,895	--

b. *Directors' fees*

	2020 $	2019 $
Directors' fees	822,800	1,032,000

c. *Key management compensation*

	2020 $	2019 $
Salaries and other short-term benefits	8,923,114	7,498,826
Stock based compensation	(47,188)	912,502
Pension costs – defined contribution plan	212,862	235,800
	9,088,788	8,647,128

19 Revenue

The Group derives revenue mainly from the transfer of food items at a point in time in the following restaurant segments:

	Quick Service Restaurants $	Casual Dining $	Total $
Total segment revenue 2020	707,733,984	189,184,457	896,918,441
Total segment revenue 2019	870,078,603	242,854,467	1,112,933,070

19 Revenue (continued)

Revenue from external customers arise mainly from the sale of food items in operating the worldwide KFC, Pizza Hut, Subway, Starbucks and TGI Fridays brands on a retail basis.

There are no material assets and liabilities arising on revenue with customers.

20 Cost of sales

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

21 Expenses by nature

	2020 $	2019 $
The following items have been charged/(credited) in arriving at the operating profit:		
Cost of inventories (Note 10)	380,638,409	467,014,827
Employee benefit expense (Note 29)	162,151,115	192,586,044
Other expenses	79,891,014	88,605,949
Royalties	54,435,027	69,152,317
Short term and variable lease expenses	19,325,088	62,642,895
Rent waiver IFRS 16 Covid-19 concessions	(17,493,289)	--
Depreciation on property, plant and equipment and amortisation on intangible assets	49,111,170	49,411,062
Depreciation on right-of-use assets (Note 6)	40,154,501	--
Advertising costs	36,479,734	44,802,934
Utilities	21,004,300	23,559,921
Repairs and maintenance on property, plant and equipment	26,684,057	31,928,516
Goodwill impairment charge (Note 7)	18,633,730	--
Security	16,450,138	17,653,487
Insurance	4,387,623	5,230,768
Foreign exchange losses	2,590,532	3,676,620
Profit on disposal of property, plant and equipment	(422,197)	(157,806)
Cost of sales, other operating and administrative expenses	894,020,952	1,056,107,534

22 Other income

Miscellaneous income	1,893,263	1,902,387
Lease rental income	701,544	699,825
	2,594,807	2,602,212

23 Finance costs

Bank borrowings - interest expense	5,108,674	5,069,297
Lease liabilities - interest expense (Note 6)	16,132,907	--
	21,241,581	5,069,297

24 Income tax expense

	2020 $	2019 $
Current tax	7,540,063	19,262,515
Prior year over/(under) provision	93,893	(118,890)
Deferred tax credit (Note 9)	(5,634,559)	(604,888)
	1,999,397	18,538,737

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

	2020	2019
(Loss)/profit before income tax	(15,749,285)	54,358,451
Tax calculated at 30%	(4,724,785)	16,307,535
Expenses not deductible for tax purposes	1,579,242	2,350,092
Impairment charge on goodwill	5,590,119	--
Allowable expenses	(707,352)	--
Other differences	168,280	--
Prior year over/(under) provision	93,893	(118,890)
	1,999,397	18,538,737

25 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.

	2020 $	2019 $
Profit attributable to owners of the Parent Company	(17,748,682)	35,819,714
Weighted average number of common shares in issue during the year exclusive of treasury shares	60,997,347	61,047,347
Basic earnings per share (exclusive of treasury shares)	(29.1¢)	58.7¢

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.

	2020 $	2019 $
Profit attributable to owners of the parent company	(17,748,682)	35,819,714
Weighted average number of common shares in issue for diluted earnings per share	62,272,270	62,122,518
Diluted earnings per share	(28.5¢)	57.7¢

26 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 2020 are as follows:

	Trinidad $	Others $	Group $
Total segment revenue	887,496,314	9,422,127	896,918,441
Operating profit/(loss)	6,320,842	(828,546)	5,492,296
Finance costs	(21,020,750)	(220,831)	(21,241,581)
Loss before income tax	(14,699,908)	(1,049,377)	(15,749,285)
Income tax expense	(2,277,478)	278,081	(1,999,397)
Loss for the year	(16,977,386)	(771,296)	(17,748,682)

The segment results for the year ended 30 November 2019 are as follows:

	Trinidad $	Others $	Group $
Total segment revenue	1,094,983,181	17,949,889	1,112,933,070
Operating profit	57,800,211	1,627,537	59,427,748
Finance costs – net	(5,069,297)	--	(5,069,297)
Profit before income tax	52,730,914	1,627,537	54,358,451
Income tax expense	(18,216,859)	(321,878)	(18,538,737)
Profit for the year	34,514,055	1,305,659	35,819,714

26 Segment information – geographical segment (continued)

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

	Year ended 30 November 2020		
	Trinidad $	Others $	Group $
Depreciation	45,931,466	474,851	46,406,317
Amortisation	2,698,184	6,669	2,704,853
Depreciation on right-of-use assets	39,483,575	670,926	40,154,501
Goodwill impairment charge	18,633,730	--	18,633,730

	Year ended 30 November 2019		
	Trinidad $	Others $	Group $
Depreciation	46,354,184	454,404	46,808,588
Amortisation	2,602,474	--	2,602,474

The segment assets and liabilities at 30 November 2020 and capital expenditure for the year then ended are as follows:

	Trinidad $	Others $	Group $
Assets	787,876,256	10,687,436	798,563,692
Liabilities	498,174,822	10,641,479	508,816,301
Capital expenditure	48,301,658	314,151	48,615,809

The segment assets and liabilities at 30 November 2019 and capital expenditure for the year then ended are as follows:

	Trinidad $	Others $	Group $
Assets	526,697,392	8,019,116	534,716,508
Liabilities	219,594,525	7,164,172	226,758,697
Capital expenditure	64,526,880	212,656	64,739,536

27 Dividends

On 25 February 2021, the Board of Directors of Prestige Holdings Limited approved a final dividend of 6 cents, bringing the total dividends for the financial year ended 30 November 2020 to 6 cents (2019: 12 cents).

28 Cash generated from operations

	2020 $	2019 $
(Loss)/profit before income tax	(15,749,285)	54,358,451
Adjustments for:		
Depreciation on plant, property and equipments and amortisation on intangible assets	49,111,170	49,411,062
Depreciation on right-of-use assets	40,154,501	--
Impairment charge	18,633,730	--
(Decrease)/ increase in other payables	(593,682)	494,280
Finance costs (Note 23)	21,241,581	5,069,297
Foreign exchange differences	81,496	(78,290)
Rent waiver IFRS 16 Covid-19 concessions	(17,493,289)	--
Profit on disposal of property, plant and equipment and franchise fees	(422,197)	(157,807)
Transfer of treasury shares	--	346,659
Changes in current assets and current liabilities:		
Decrease/(increase) in inventories	3,329,921	(346,221)
Decrease in trade and other receivables	4,282,705	4,969,558
(Decrease)/increase in trade and other payables	(25,642,693)	9,548,655
Increase in due to related parties	8,503,233	96,434
	85,437,191	123,712,078

29 Employee benefit expense

Wages and salaries	142,533,977	166,010,399
Payroll related taxes and other benefits	18,325,291	22,752,668
Stock based employee compensation	142,393	2,746,748
Pension costs – defined contribution plan	1,149,454	1,076,229
	162,151,115	192,586,044

30 Commitments and contingent liabilities

Capital commitments

Capital commitments for the Group amounted to approximately $5.6 million at 30 November 2020 (2019: $0.36 million).

Lease commitments

The Group has lease arrangements for its various stores and administrative buildings. These range from one to twenty year periods with options to renew. This disclosure note has been adjusted for the impact of the adoption of IFRS 16 Leases in the current year (Note 2w).

30 Commitments and contingent liabilities (continued)

Lease commitments (continued)

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:

	2020 **$**	**2019** **$**
Rentals due within one year	72,420	47,614,959
Rentals due between two to five years	--	121,095,010
Rentals due in more than five years	--	78,185,755
	72,420	246,895,724

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	250,000	250,000

Guarantee

The Group has a guarantee in favour of Comptroller of Customs and Excise for $1.2 million (2019: $1.2 million).