Prestige Holdings Limited

Consolidated Financial Statements

30 November 2022

(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 2022, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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 the Securities Act, 2012; 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
28 February 2023	28 February 2023

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 2022, 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 2022;
- the consolidated income statement 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.

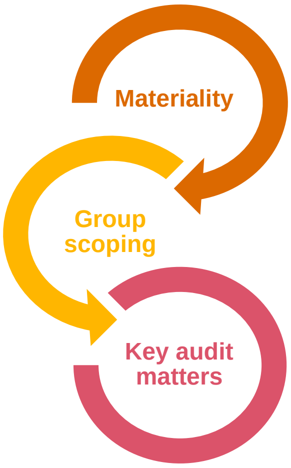
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Our audit approach

Overview



- *Overall group materiality: $2.0M which represents 5% of average profit/loss before income tax for the past five years.*

- 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 certain account balances including right-of-use assets, lease liabilities and property, plant and equipment were performed on two other components.

- Impairment of 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.
- Restaurant Leasing Corporation Limited - 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 certain 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	$2.0M
How we determined it	5% of average profit/loss before income tax for the past five years
Rationale for the materiality benchmark applied	*We chose profit/loss 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 and used average profit/loss before income tax for the past five years due to the exceptional impact of the Covid-19 pandemic on current and prior years' performance.*

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $189,000, 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 indefinite life intangible assets for the Subway business *Refer to notes 2 f., 2 g., 4 a. (i) and 7 to the consolidated financial statements for disclosures of related accounting policies and balances.* Included within the intangible assets balance of $58.9 million stated on the Group's consolidated statement of financial position is $40.8 million of indefinite life franchise agreement assets relating to the Subway business. Intangible assets with an indefinite useful life are assessed for impairment annually by management or whenever there is an impairment indicator.	We considered the method used by management to perform their annual impairment assessment for 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 other intangible assets, including the future cash flow projections, discount rates and growth rates applied. The following procedures, amongst others, were performed: ● 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;

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 • Average gross margins • Weighted average cost of capital ("WACC") The Group was impacted by the national measures taken to combat the Covid-19 pandemic which were substantially released in April 2022. These included the reopening of physical schools and removal of "safe-zones". In addition, the Group was also impacted by the Ukraine/Russia war which gave rise to further price increases and supply chain issues with food supplies. As a result of these developments in the operating environment, management continued to focus on restoring performance to pre-Covid-19 levels and managing costs to ensure targets for the brand are maintained. We focused our attention on this area due to the material nature of the balances and the inherent subjectivity in forecasting future financial performance.	• agreed and tested the mathematical accuracy, including verifying spreadsheet formulae, of the DCF model; • evaluated management's assumptions as follows: ➢ Revenue growth rates - 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 subsequent to the release of the remaining Covid-19 measures. We also assessed the historical revenues of similar businesses operated by management in comparable circumstances. ➢ Average gross margins – 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 the assessment of revenue growth rates outlined above. ➢ WACC – evaluated certain inputs within the WACC calculation, including the cost of equity, and found them to be reasonable. 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 brand'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 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.

- 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 extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dwayne Rodriguez-Seijas.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
28 February 2023

Prestige Holdings Limited

Consolidated Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 30 November 2022 $	2021 $
Assets			
Non-current assets			
Property, plant and equipment	5	260,395,517	275,158,534
Right-of-use assets	6	276,771,562	261,874,230
Intangible assets	7	58,892,195	60,069,516
Deferred income tax assets	9	10,435,618	12,258,214
		606,494,892	609,360,494
Current assets			
Inventories	10	84,044,358	49,868,571
Trade and other receivables	11	29,444,573	22,330,101
Due from related parties	18	10,000,000	--
Current income tax assets		6,080,554	6,058,644
Cash and cash equivalents		95,196,121	54,972,655
		224,765,606	133,229,971
Assets classified as held for sale	12	--	5,287,121
		224,765,606	138,517,092
Total assets		831,260,498	747,877,586
Equity and liabilities			
Equity attributable to owners of the parent company			
Share capital	13	23,759,077	23,759,077
Other reserves	14	26,415,331	26,373,501
Retained earnings		246,875,663	218,731,710
		297,050,071	268,864,288
Treasury shares	15	(9,665,267)	(11,340,002)
Total equity		287,384,804	257,524,286
Liabilities			
Non-current liabilities			
Borrowings	16	33,940,678	55,677,489
Lease liabilities	6	261,760,489	247,373,582
Other payables	17	292,968	714,268
		295,994,135	303,765,339
Current liabilities			
Trade and other payables	17	183,179,572	111,394,651
Borrowings	16	21,820,986	38,414,259
Lease liabilities	6	31,527,737	29,045,515
Due to related parties	18	6,423,193	6,864,592
Current income tax liabilities		4,930,071	868,944
		247,881,559	186,587,961
Total liabilities		543,875,694	490,353,300
Total equity and liabilities		831,260,498	747,877,586

The notes on pages 13 to 49 are an integral part of these consolidated financial statements.

On 28 February 2023, the Board of Directors of Prestige Holdings Limited authorised these consolidated financial statements for issue.

________________ Director   ________________ Director

Prestige Holdings Limited

Consolidated Income Statement

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 November 2022 $	2021 $
Revenue	19	1,105,117,152	712,108,053
Cost of sales	20,21	(744,368,712)	(480,914,667)
Gross profit		360,748,440	231,193,386
Other operating expenses	21	(211,860,469)	(177,814,257)
Administrative expenses	21	(78,684,543)	(67,153,668)
Other income	22	2,277,950	1,539,381
Operating profit/(loss)		72,481,378	(12,235,158)
Finance costs	23	(18,792,363)	(19,467,519)
Profit/(loss) before income tax		53,689,015	(31,702,677)
Income tax (expense)/credit	24	(18,214,669)	3,400,986
Profit/(loss) for the year		35,474,346	(28,301,691)
Profit/(loss) attributable to:			
Owners of the parent company		35,474,346	(28,301,691)
Earnings/(loss) per share attributable to the equity holders of the parent company			
- Basic earnings/(loss) per share (exclusive of treasury shares)	25	57.9¢	(46.4¢)
- Diluted earnings/(loss) per share	25	56.8¢	(45.4¢)

The notes on pages 13 to 49 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 2022 $	2021 $
Profit/(loss) for the year		35,474,346	(28,301,691)
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	14	41,830	(261,573)
Total comprehensive income/(loss) for the year		35,516,176	(28,563,264)
Attributable to:			
Owners of the parent company		35,516,176	(28,563,264)

The notes on pages 13 to 49 are an integral part of these consolidated financial statements.

Prestige Holdings Limited

Consolidated Statement of Changes in Equity
(Expressed in Trinidad and Tobago Dollars)

	Note	Share capital $	Other reserves $	Retained earnings $	Total $	Treasury Shares $	Total equity $
Balance at 1 December 2021		23,759,077	26,373,501	218,731,710	268,864,288	(11,340,002)	257,524,286
Profit for the year		--	--	35,474,346	35,474,346	--	35,474,346
Other comprehensive income							
Currency translation differences	14	--	41,830	--	41,830	--	41,830
Total comprehensive income for the year		--	41,830	35,474,346	35,516,176	--	35,516,176
Transactions with owners							
Sale of treasury shares		--	--	--	--	1,674,735	1,674,735
Net dividends for 2022							
- Paid – 12 cents per share		--	--	(7,330,393)	(7,330,393)	--	(7,330,393)
Balance at 30 November 2022		23,759,077	26,415,331	246,875,663	297,050,071	(9,665,267)	287,384,804
Balance at 1 December 2020		23,759,077	26,635,074	250,693,242	301,087,393	(11,340,002)	289,747,391
Loss for the year		--	--	(28,301,691)	(28,301,691)	--	(28,301,691)
Other comprehensive loss							
Currency translation differences	14	--	(261,573)	--	(261,573)	--	(261,573)
Total comprehensive loss for the year		--	(261,573)	(28,301,691)	(28,563,264)	--	(28,563,264)
Transactions with owners							
Net dividends for 2020							
- Paid – 6 cents per share		--	--	(3,659,841)	(3,659,841)	--	(3,659,841)
Balance at 30 November 2021		23,759,077	26,373,501	218,731,710	268,864,288	(11,340,002)	257,524,286

The notes on pages 13 to 49 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 2022 $	2021 $
Cash flows from operating activities			
Cash generated from operations	28	163,187,063	50,672,176
Interest paid	23	(18,792,363)	(19,467,519)
Income tax paid		(12,347,079)	(2,841,178)
Net cash generated from operating activities		132,047,621	28,363,479
Cash flows from investing activities			
Purchase of intangible assets	7	(1,433,838)	(1,129,056)
Purchase of property, plant and equipment	5	(17,718,158)	(21,822,227)
Proceeds from disposal of property, plant and equipment		332,777	766,819
Net cash used in investing activities		(18,819,219)	(22,184,464)
Cash flows from financing activities			
Proceeds from sale of treasury shares	15	1,674,735	--
Proceeds from borrowings		12,000,000	43,498,600
Repayment of borrowings		(50,330,084)	(33,769,003)
Dividends paid to shareholders		(7,330,393)	(3,659,841)
Payments on lease liabilities		(29,019,194)	(16,988,990)
Net cash used in financing activities		(73,004,936)	(10,919,234)
Net increase/(decrease) in cash and cash equivalents		40,223,466	(4,740,219)
Cash and cash equivalents			
At start of year		54,972,655	59,712,874
At end of year		95,196,121	54,972,655

The notes on pages 13 to 49 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 a chain of restaurants in Trinidad and Tobago under long-term franchise agreements for the KFC, Pizza Hut, Subway and Starbucks brands 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 and Nevis. This company owns the Development Rights for the TGI Friday’s Brand for the CARICOM.

Prestige Services Limited owns 100% of the share capital of Prestige Restaurants Jamaica Limited which is incorporated in the Republic of Jamaica. This company operates the TGI Friday’s 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 Friday’s 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 leases the premises on which Subway head office and some of the Subway restaurants are located.

PHL (Guyana) Inc. was incorporated on the 17 February 2022 to manage upcoming restaurants in Guyana. Shares will be issued for this Company at a future date.

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

2 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.

Going concern

During the financial year 2021, the then ongoing global public health crisis associated with the novel coronavirus, known as COVID-19, resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market security.

In the financial year 2022, all restrictions were removed by April 2022. The Group has rebounded, as evidenced by the significant improvements in both the entity’s financial performance and financial position.

2 **Significant accounting policies (continued)**

a. *Basis of preparation (continued)*

Going concern (continued)

The Group continues to prepare its consolidated financial statements on a going concern basis as we believe that it will continue to realise its assets and discharge its liabilities in the ordinary course of business for the foreseeable future.

(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 its annual reporting period commencing 1 December 2021:

- Interest Rate Benchmark Reform - Phase 2 - amendments to IFRS 9 Financial Instruments (IFRS 9), IAS 39 Financial Instruments: Recognition and Measurement (IAS 39), IFRS 7 Financial Instruments: Disclosures (IFRS 7), IFRS 4 Insurance Contracts (IFRS 4) and IFRS 16 Leases (IFRS 16).

  The amendment addresses the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide the following reliefs:

  - When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the profit or loss.

  - The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

  This amendment did not have any impact on the Group.

There are no other IFRSs or IFRICs that are effective that had a material impact on the Group.

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

A number of new accounting standards and interpretations have been published that are not mandatory for 1 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

- *Annual Improvements to IFRS Standards 2018 - 2020 (effective 1 December 2022)*

  Improvements made to IFRS 9, IFRS 16, IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS 1) and IAS 41 Agriculture (IAS 41).

2 **Significant accounting policies (continued)**

a. *Basis of preparation (continued)*

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

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

- *Property, plant and equipment: Proceeds before intended use – amendments to IAS 16 Property, Plant and Equipment (effective 1 December 2022)*

  The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in the profit or loss.

- *Reference to the Conceptual Framework- amendments to IFRS 3 Business Combination (effective 1 December 2022)*

  Minor amendments were made to update references to the Conceptual Framework for Financial Reporting without significantly changing the requirements of the standard.

- *Onerous Contracts - Cost of Fulfilling a Contract - amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective 1 December 2022)*

  The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

- *Classification of Liabilities as Current or Non-current- amendments to IAS 1 Presentation of Financial Statements (effective 1 December 2023)*

  The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date.

- *Disclosure of Accounting Policies- amendments to IAS 1 and IFRS Practice Statement 2 (effective 1 December 2023)*

  The IAS 1 amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. The amended IFRS Practice Statement 2 provides guidance on how to apply the concept of materiality to accounting policy disclosures.

- *Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (effective 1 December 2023)*

  The IAS 8 amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied prospectively to past transactions and other past events as well as the current period.

2 **Significant accounting policies (continued)**

a. *Basis of preparation (continued)*

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

(c) *New standards, amendments and interpretations not yet adopted by the Group (continued)*

- *Amendment to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 December 2023)*

  The IAS 12 amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

b. *Consolidation*

(i) *Subsidiaries*

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

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

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

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 IFRS 9 'Financial Instruments' (IFRS 9) 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.

2 **Significant accounting policies (continued)**

b. *Consolidation (continued)*

(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.

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'.

2 **Significant accounting policies (continued)**

d. *Foreign currency translation (continued)*

(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.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less 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.

2 **Significant accounting policies (continued)**

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.

(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 or depreciation and are tested annually for impairment. Assets that are subject to amortisation or depreciation 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.

2 **Significant accounting policies (continued)**

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 rather than through continuing use 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's financial assets are trade and other receivables and cash and cash equivalents. It 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 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 the consolidated 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. Expected credit losses are presented in 'Administrative expenses'.

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 Financial Instruments (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.

2 **Significant accounting policies (continued)**

k. *Impairment of financial assets (continued)*

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, gross domestic product (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 and receivables*

Trade receivables are amounts due from customers for the sale of goods in the ordinary course of business. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. 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.

Other receivables are carried at original invoice amount less any provision for impairment of these receivables.

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 prior to the end of the financial year. 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 using the effective interest rate method.

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 can be 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.

2 **Significant accounting policies (continued)**

q. *Provisions (continued)*

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. The discount rate used to determine the present value is 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) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating vacation leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as accruals in the consolidated statement of financial position.

(ii) *Pension obligations*

Retirement benefits for employees are provided by a defined contribution plan which is funded by contributions from the Company and qualifying 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.

(iii) *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.

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.

2 **Significant accounting policies (continued)**

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

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, lease liabilities 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 recognises 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*

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.

2 **Significant accounting policies (continued)**

w. *Leases (continued)*

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.

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.

2 **Significant accounting policies (continued)**

w. *Leases (continued)*

The Group as a lessee (continued)

The Group remeasures the lease liability when there is a change in future lease payments arising from a change in an index or rate not included in the initial lease liability, 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.

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 2021. Covid-19 rental waivers were accounted for as variable lease payments in accordance with the Amendment to IFRS 16 Leases – COVID-19 related rent concessions.

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 exemption for 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.

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 fair value hierarchy included in IFRS 13 Fair Value Measurement (IFRS 13) has the following levels based on the inputs used to determine the fair value measurement.

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

2 **Significant accounting policies (continued)**

y. *Fair value estimation (continued)*

- 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 2022, the US dollar obligation in TT dollars arising mainly from foreign inventory suppliers and accrued balances was $80,821,849 (2021: $30,933,241). In addition, there was a US dollar loan outstanding in TT dollars of $6,427,047 (2021: $12,961,791). 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 $3,933,811 (2021: $1,515,727) lower/higher, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade payables and accruals. For the US dollar loan, this would have amounted to $314,925 (2021: $635,128).

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*

The Group finances its operations through a blend of borrowings and retained earnings. The Group borrows in the desired currencies at fixed and floating rates of interest.

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 interest bearing instruments that carry less interest rate risk in the medium to long term. 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 and one US dollar loan. Two TT dollar loans were taken during 2019 and 2020 both repayable in 15 years. The US dollar loan taken during 2021 is repayable in 2 years.

	2022		2021	
	$	%	$	%
Variable rate borrowings	39,852,573	71	65,455,384	70
Other borrowings – fixed rate	15,909,091	29	28,636,364	30
	55,761,664	100	94,091,748	100

As at 30 November 2022, the variable rate borrowing obligation was $39,852,573 (2021: $65,455,384) with two TT dollar loans carrying an interest rate of 5.5%, to be reset every three years and the US dollar loan bears a rate of 8.33% to be reset every month. 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 $146,209 (2021: $154,673). 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 $162,953 (2021: $171,859).

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 $525,442 (2021: $631,008).

3 **Financial risk management (continued)**

a. *Financial risk factors (continued)*

(ii) *Credit risk*

(a) *Risk management*

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to trade customers. For banks and financial institutions, only those with good standing and with a sound reputation are used. 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.

(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 2022 and 2021.

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:

3 **Financial risk management (continued)**

a. *Financial risk factors (continued)*

(iii) *Liquidity risk (continued)*

	6 months or less $	6 to 12 months $	Between 1 to 5 years $	Over 5 years $	Total $
At 30 November 2022					
Borrowings - third party	12,599,950	12,008,391	19,647,844	24,455,893	68,712,078
Lease liabilities	23,119,859	22,704,229	154,094,366	196,815,826	396,734,280
Due to related parties	6,423,193	--	--	--	6,423,193
Trade and other payables, excluding statutory liabilities	167,356,819	--	292,968	--	167,649,787
	209,499,821	34,712,620	174,035,178	221,271,719	639,519,338
At 30 November 2021					
Borrowings - third party	29,590,931	12,851,309	40,157,439	28,335,765	110,935,444
Lease liabilities	21,721,053	20,804,065	133,617,771	207,374,142	383,517,032
Due to related parties	6,864,592	--	--	--	6,864,592
Trade and other payables, excluding statutory liabilities	100,692,815	--	714,268	--	101,407,083
	158,869,391	33,655,374	174,489,478	235,709,907	602,724,151

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

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

	2022 $	2021 $
Net debt	253,853,769	315,538,190
Total equity	287,384,804	257,524,286
Total capital	541,238,573	573,062,476
Net debt to capital ratio	46.9%	55.1%

3 **Financial risk management (continued)**

b. *Capital risk management (continued)*

The Group breached some of its financial ratios included within its loan agreements in the prior year for which a waiver was obtained from the lender. Performance of the Group improved with the releasing of all Covid-19 restrictions and the Group is compliant with its ratios at year end.

Net debt reconciliation

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

	2022 $	**2021** $
Cash and cash equivalents	95,196,121	54,972,655
Borrowings	(55,761,664)	(94,091,748)
Lease liabilities	(293,288,226)	(276,419,097)
Net debt	(253,853,769)	(315,538,190)
Cash and cash equivalents	95,196,121	54,972,655
Gross debt – fixed interest rates	(309,197,317)	(321,456,861)
Gross debt – variable interest rates	(39,852,573)	(49,053,984)
Net debt	(253,853,769)	(315,538,190)

	Cash $	**Borrowings** $	**Lease liabilities** $	**Total** $
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)
Cash flows	(4,740,219)	(9,729,597)	20,727,062	6,257,246
Net debt as at 30 November 2021	54,972,655	(94,091,748)	(276,419,097)	(315,538,190)
Cash flows	40,223,466	38,330,084	(16,869,129)	61,684,421
Net debt as at 30 November 2022	95,196,121	(55,761,664)	(293,288,226)	(253,853,769)

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.

	2022 **$**	**2021** **$**
Year 1 growth rate	--	512,806
Year 2-5 growth rate	--	5,611,091
Average gross margin	--	--
Weighted average cost of capital	--	--

The recoverable amount of indefinite life intangible assets 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:

	2022		**2021**	
	From %	**To %**	**From %**	**To %**
Year 1 growth rate	13.9	11.6	53.1	52.5
Year 2-5 growth rate	2.6	1.9	3.0	2.9
Average gross margin	31.3	30.4	31.2	30.7
Weighted average cost of capital	10.6	12.2	11.3	11.5

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

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

(ii) *Estimated recoverable amount of goodwill on Weekenders Trinidad Limited business*

The Group tests annually whether goodwill has 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 (2021: 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 (2021: 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 (2021: 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 (2021: 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:

	2022		**2021**	
	From %	**To %**	**From %**	**To %**
Year 1 growth rate	11.2	6.7	108.0	70.0
Year 2-5 growth rate	2.0	(3.8)	2.0	(5.0)
Average gross margin	40.3	31.3	38.8	27.9
Weighted average cost of capital	10.9	31.0	12.8	21.9

5 Property, plant and equipment

	Land $	Buildings and improvements $	Plant and machinery $	Vehicles $	Furniture $	Work in progress $	Total $
Year ended 30 November 2022							
Opening net book amount	96,470,000	109,758,876	34,859,632	2,122,410	28,061,106	3,886,510	275,158,534
Additions	--	4,420,160	6,441,233	244,208	3,119,793	3,492,764	17,718,158
Transfers	--	1,014,636	767,683	--	179,529	(1,961,848)	--
Disposals	--	(9,733)	(15,989)	(10,986)	--	(720,955)	(757,663)
Assets classified as held for sale (Note 12)	2,165,000	3,122,122	--	--	--	--	5,287,122
Exchange differences	--	7,541	5,532	--	(382)	--	12,691
Depreciation charge	--	(18,629,055)	(9,890,289)	(1,014,230)	(7,489,751)	--	(37,023,325)
Closing net book amount	98,635,000	99,684,547	32,167,802	1,341,402	23,870,295	4,696,471	260,395,517
At 30 November 2022							
Cost or valuation	98,635,000	346,913,364	288,583,337	20,001,410	160,924,130	4,696,471	919,753,712
Accumulated depreciation	--	(247,228,817)	(256,415,535)	(18,660,008)	(137,053,835)	--	(659,358,195)
Net book amount	98,635,000	99,684,547	32,167,802	1,341,402	23,870,295	4,696,471	260,395,517
Year ended 30 November 2021							
Opening net book amount	98,635,000	123,608,679	38,469,665	3,770,261	32,507,490	3,097,015	300,088,110
Additions	--	7,514,081	7,254,376	1,251,510	3,840,459	1,961,801	21,822,227
Transfers	--	1,162,306	--	--	--	(1,162,306)	--
Disposals	--	(26,311)	(15,720)	(360,231)	(14,815)	(10,000)	(427,077)
Assets classified as held for sale (Note 12)	(2,165,000)	(3,122,122)	--	--	--	--	(5,287,122)
Exchange differences	--	(38,983)	(31,166)	--	(604)	--	(70,753)
Depreciation charge	--	(19,338,774)	(10,817,523)	(2,539,130)	(8,271,424)	--	(40,966,851)
Closing net book amount	96,470,000	109,758,876	34,859,632	2,122,410	28,061,106	3,886,510	275,158,534
At 30 November 2021							
Cost or valuation	96,470,000	335,383,478	281,778,064	20,895,562	157,629,314	3,886,510	896,042,928
Accumulated depreciation	--	(225,624,602)	(246,918,432)	(18,773,152)	(129,568,208)	--	(620,884,394)
Net book amount	96,470,000	109,758,876	34,859,632	2,122,410	28,061,106	3,886,510	275,158,534
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

5 Property, plant and equipment (continued)

Depreciation expense of $32,650,407 (2021: $35,076,836) is included in 'other operating expenses' and $4,372,918 (2021: $5,890,015) is included in 'administrative expenses. Bank borrowings are secured on property, plant and equipment of the Group for the value of approximately $49 million (2021: $65million). Included in buildings and improvements are buildings amounting to $32,152,024 (2021: $35,644,818) and improvements amounting to $67,760,122 (2021: $74,114,058).

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 2020 and 2021		
	Quoted prices In active markets for identical assets (level 1) $	**Significant other observable inputs (level 2) $**	**Significant unobservable inputs (level 3) $**
2022	--	--	98,635,000
2021	--	--	96,470,000

The movement in the values noted above is as a result of a reclassification of land as held for sale in the current year.

Level 3 fair values of land have 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 $66,898,230 (2021: $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	**2022 Buildings $**	**2021 Buildings $**
Costs		
At beginning of year	338,955,234	328,836,225
Additions	86,738,965	10,917,011
Effect of modifications to lease terms	13,682,191	--
Disposals	(62,919,292)	(535,498)
Exchange adjustment	42,186	(262,504)
	376,499,284	338,955,234
Accumulated depreciation		
At beginning of year	77,081,004	40,137,530
Charge for the year	37,140,987	37,267,920
Exchange adjustment	9,273	(62,924)
Disposals	(14,503,542)	(261,522)
	99,727,722	77,081,004
Net book value	276,771,562	261,874,230

Lease liabilities	**2022 $**	**2021 $**
At beginning of year	276,419,097	297,146,159
Additions	86,738,965	10,917,011
Effect of modifications to lease terms	13,682,191	--
Exchange adjustment	34,263	(207,810)
Payments	(29,019,194)	(16,988,990)
Disposals	(52,082,234)	(286,225)
Covid-19 related rent concessions	(2,484,862)	(14,161,048)
At end of year	293,288,226	276,419,097
Current	31,527,737	29,045,515
Non-current	261,760,489	247,373,582
Total lease liabilities	293,288,226	276,419,097

(ii) *Amounts recognised in the consolidated income statement:*

	2022	2021
Interest expense on lease liabilities (Note 23)	14,615,644	14,563,603
Depreciation charge on right-of-use assets (Note 21)	37,140,987	37,267,920
Expense relating to low value and short-term leases	15,354,008	11,567,946
Expense relating to variable lease payments not included in lease liabilities	2,300,573	2,151,369
Covid-19 related rent concessions	2,484,862	14,161,048

The total cash outflow for leases in 2022 was $61,557,835 (2021: $46,645,608).

7 Intangible assets

	Goodwill $	Indefinite life franchise agreements $	Other deferred costs $	Total $
Year ended 30 November 2022				
Opening net book amount	6,157,578	40,800,000	13,111,938	60,069,516
Additions	--	--	1,433,838	1,433,838
Disposals	--	--	(878)	(878)
Amortisation charge	--	--	(2,610,281)	(2,610,281)
Closing net book amount	6,157,578	40,800,000	11,934,617	58,892,195
At 30 November 2022				
Cost	24,791,308	40,800,000	48,215,550	113,806,858
Accumulated amortisation and impairment	(18,633,730)	--	(36,280,933)	(54,914,663)
Net book amount	6,157,578	40,800,000	11,934,617	58,892,195
Year ended 30 November 2021				
Opening net book amount	6,157,578	40,800,000	14,594,336	61,551,914
Additions	--	--	1,129,056	1,129,056
Disposals	--	--	(6,075)	(6,075)
Amortisation charge	--	--	(2,605,379)	(2,605,379)
Closing net book amount	6,157,578	40,800,000	13,111,938	60,069,516
At 30 November 2021				
Cost	24,791,308	40,800,000	46,822,093	112,413,401
Accumulated amortisation and impairment	(18,633,730)	--	(33,710,155)	(52,343,885)
Net book amount	6,157,578	40,800,000	13,111,938	60,069,516
At 30 November 2020				
Cost	24,791,308	40,800,000	45,774,030	111,365,338
Accumulated amortisation and impairment	(18,633,730)	--	(31,179,694)	(49,813,424)
Net book amount	6,157,578	40,800,000	14,594,336	61,551,914

Amortisation charge of $2,610,281 (2021: $2,605,379) 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.

	2022 $	2021 $
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:

	Average gross margin %	Growth rate Year 1 %	Growth rate Year 2 - 5 %	Weighted average cost of capital %
2022	40.3	11.2	2.0	10.9
2021	38.8	108.0	2.0	12.8

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.

Subway business	2022 $	2021 $
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	40,800,000

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 indefinite life intangible assets (continued)

Subway business (continued)

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

Year ended 30 November 2022

	Year 1 %	Year 2 %	Year 3 %	Year 4- 5 %
Average gross margin	30.6	31.1	31.3	31.6
Revenue growth rates	13.9	3.0	2.5	2.5
Weighted average cost of capital	10.6	10.6	10.6	10.6

Year ended 30 November 2021

	Year 1 %	Year 2 %	Year 3 %	Year 4- 5 %
Average gross margin	30.7	30.9	31.1	31.6
Revenue growth rates	53.1	4.0	3.0	2.5
Weighted average cost of capital	11.3	11.3	11.3	11.3

Assumptions for gross profit margins, growth rates and pre-tax weighted average cost of capital are based upon past performance, adjusted for anticipated future conditions. The key assumptions for the brand over the next five years are expected to be driven by a combination of strategies designed to boost transactions and improve ticket average spending as well as in store efficiencies. These efficiencies are aimed at achieving better cost management, enhancing guest experience and, along with various marketing initiatives, are designed to increase guest visits and ultimately improve sales of the brand. The performance changes have been tempered based on the economic conditions and expectations for market development.

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**

	2022 $	2021 $
Assets as per consolidated statement of financial position		
Financial assets at amortised cost		
Trade and other receivables, excluding prepayments	4,581,886	3,788,688
Cash and cash equivalents	95,196,121	54,972,655
Total	99,778,007	58,761,343
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost		
Borrowings	55,761,664	94,091,748
Lease liabilities	293,288,226	276,419,097
Trade and other payables, excluding statutory liabilities	166,935,519	101,407,083
Due to related parties	6,423,193	6,864,592
Total	522,408,602	478,782,520

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
Bank borrowings and lease liabilities	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.

For lease liabilities, the fair value based on cash flows discounted using an incremental borrowing rate of 5.5% was $289,728,323 (2021: 5.5% - $267,743,747).

9 Deferred income tax

	2022 $	2021 $
Opening amount	(12,258,214)	(5,178,514)
Charge/(credit) to consolidated income statement (Note 24)	1,827,418	(7,119,180)
Foreign exchange translation (Forex)	(4,822)	39,480
Closing amount	(10,435,618)	(12,258,214)

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

Year ended 30 November 2022	At 1.12.21 $	Charge/ (credit) to income statement $	Forex $	At 30.11.22 $
Deferred income tax assets				
Accelerated tax depreciation	(3,513,191)	(1,480,434)	(4,822)	(4,998,447)
Leases liabilities	(4,691,068)	(733,814)	--	(5,424,882)
Tax losses	(4,053,955)	4,041,666	--	(12,289)
	(12,258,214)	1,827,418	(4,822)	(10,435,618)

Year ended 30 November 2021	At 1.12.20 $	Credit to income statement $	Forex $	At 30.11.21 $
Deferred income tax assets				
Accelerated tax depreciation	(2,308,203)	(1,244,468)	39,480	(3,513,191)
Leases liabilities	(2,713,806)	(1,977,262)	--	(4,691,068)
Tax losses	(156,505)	(3,897,450)	--	(4,053,955)
	(5,178,514)	(7,119,180)	39,480	(12,258,214)

9 Deferred income tax (continued)

The Group has accumulated tax losses of approximately $851,037 (2021: $14,144,470) available for set off against future chargeable profits. The current year losses have not been recognised for purposes of deferred taxation because of the uncertain future timing of their recoverability.

10 Inventories

	2022 $	2021 $
Food supplies and packaging materials	67,308,358	33,770,752
Consumable stores	16,736,000	16,097,819
	84,044,358	49,868,571

The cost of inventories recognised as expense and included in “cost of sales” amounted to $495,297,329 (2021: $305,229,930).

The write-down of inventories recognised as expense and included in “administrative expenses” amounted to $3,456,307 (2021: $4,383,796).

11 Trade and other receivables

Trade receivables	4,944,959	4,160,100
Less: expected credit losses	(1,095,574)	(1,124,762)
	3,849,385	3,035,338
Prepayments	9,303,368	6,528,350
Other receivables	16,291,820	12,766,413
	29,444,573	22,330,101

Movements on the Group’s expected credit losses for trade receivables are as follows:

At 1 December	1,124,762	1,124,762
Write-back of expected credit losses during the year	(29,188)	--
At 30 November	1,095,574	1,124,762

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

TT dollar	28,643,662	22,089,622
Other currencies	800,911	240,479
	29,444,573	22,330,101

12 Assets held for sale

During the year, management decided to abandon the sale of the two parcels of land and a building formerly used for office and warehousing space. The assets have been reclassified from assets classified as held for sale to property, plant and equipment.

13 Share capital

	2022 $	2021 $
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 2021	31,736,770	(5,363,269)	26,373,501
Currency translation differences	--	41,830	41,830
Balance at 30 November 2022	31,736,770	(5,321,439)	26,415,331
Balance at 1 December 2020	31,736,770	(5,101,696)	26,635,074
Currency translation differences	--	(261,573)	(261,573)
Balance at 30 November 2021	31,736,770	(5,363,269)	26,373,501

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	$
Balance at 1 December 2021	1,515,655	11,340,002
Sale of shares	(299,060)	(1,674,735)
Balance at 30 November 2022	1,216,595	9,665,267
Balance at 30 November 2021	1,515,655	11,340,002

16 **Borrowings**	**2022** $	**2021** $
Non-current		
Bank borrowings	33,940,678	55,677,489
Current		
Bank borrowings	21,820,986	38,414,259
Total borrowings	55,761,664	94,091,748

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. The loan was issued on 3 September 2013 and matures on 3 March 2024. The principal quarterly instalment is $3.18 million. 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 5.5% (2021: 5.5%) was $15,378,458 (2021: $28,790,896).

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 Trincity Plaza site. The fair value based on cash flows discounted using a current borrowing rate of 5.5% (2021:5.5%) was $23,243,462 (2021: $25,132,560).

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 Trincity Plaza site. The fair value based on cash flows discounted using a current borrowing rate of 5.5% (2021: 5.5%) was $9,178,484 (2021: $9,895,357).

Loan 4
The borrowing represented an unsecured US dollar loan for US$2 million issued on 4 October 2021. Interest was set at the date of disbursement at 1-month LIBOR plus 4.50% per annum and subject to monthly resets. Principal and interest are payable monthly at US$87,424 which commenced on 4 November 2021.The facilities matures in October 2023. The fair value based on cash flows discounted using a current borrowing rate of 5.5% (2021: 5.5%) was US$921,030 (2021: US$1,822,256).

Loan 5
The borrowing represented an unsecured TT dollar loan for $16.4 million at a rate of 4.25% per annum. Interest is payable monthly with principal payment being due at maturity. The loan was issued on 16 July 2021 and was repaid on 16 January 2022.

Loan 6
The borrowing represented an unsecured TT dollar loan for $12 million at a rate of 4.25% per annum. Principal instalments of $2 million with interest is payable monthly. The loan was issued on 25 January 2022 and repaid on 25 July 2022.

The Group has the following undrawn borrowing facilities:

	2022 $	**2021** $
Floating rate:		
Expiring within one year (Interest rate 5.0%)	14,500,000	14,500,000

The facilities are subject to review at various dates during 2023.

16 **Borrowings (continued)**

	2022 $	2021 $
The carrying amounts of the Group's borrowings are denominated in the following currencies:		
Trinidad and Tobago dollars	49,334,617	81,129,957
United States dollars	6,427,047	12,961,791
	55,761,664	94,091,748

17 **Trade and other payables**

Non-current		
Other payables (stock-based compensation)	292,968	714,268
Current		
Trade payables	143,781,520	76,644,500
Accrued expenses	12,783,958	15,658,367
Stock based compensation	10,150,477	11,360,853
Payroll related taxes and other benefits	16,463,617	7,730,931
	183,179,572	111,394,651
Total trade and other payables	183,472,540	112,108,919

18 **Related party balances and transactions**

a. *Due to related parties*

Due to affiliated companies	6,423,193	6,864,592
Due from affiliated company	10,000,000	--

The due from affiliated companies balance relates to two $5 million short terms loan advanced to the ultimate parent company, Victor E. Mouttet Limited. The amounts are unsecured with an interest rate of 3% and is repayable by full or partial repayments by maturity date of 31 December 2022 and 31 January 2023 respectively.

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

Purchase of foods and related supplies	45,192,645	32,032,268
Purchases – other	3,974,832	485,816
Other income	909,200	833,433
Lease income	620,544	620,544
Lease of properties – cash outflow	3,169,064	1,122,319
Short term parent company loan (repaid)	--	10,000,000
Short term advance to parent company	10,000,000	--
Interest on short term loan to parent company	56,301	--
Interest on short term loan from parent company	--	62,671
Leases liabilities - non-current	17,109,829	138,420
Lease liabilities - current	2,319,682	138,420
	19,429,511	1,741,847

18 **Related party balances and transactions (continued)**	**2022 $**	**2021 $**
b. *Directors' fees*	1,032,000	817,000
c. *Key management compensation*		
Salaries and other short-term benefits	9,150,726	7,794,658
Stock based compensation	(81,424)	117,971
Pension costs – defined contribution plan	313,467	262,359
	9,382,769	8,174,988

19 Revenue

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

	Quick Service Restaurants $	**Casual Dining $**	**Total $**
Total segment revenue 2022	829,699,010	275,418,142	1,105,117,152
Total segment revenue 2021	544,514,522	167,593,531	712,108,053

Revenue from external customers arise mainly from the sale of food items in operating the worldwide KFC, Pizza Hut, Subway, Starbucks and TGI Friday's 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**	**2022 $**	**2021 $**
The following items have been charged/(credited) in arriving at the operating profit/(loss):		
Cost of inventories (Note 10)	495,297,329	305,229,930
Employee benefit expense (Note 29)	181,102,753	134,943,033
Other expenses	82,831,301	69,558,625
Royalties	68,117,757	44,124,364
Depreciation on property, plant and equipment and amortisation of intangible assets	39,633,606	43,572,230
Depreciation on right-of-use assets (Note 6)	37,140,987	37,267,920
Advertising costs	43,812,731	28,616,469
Repairs and maintenance on property, plant and equipment	31,227,805	23,678,447
Utilities	20,325,669	20,402,013
Rent waiver IFRS 16 Covid-19 concessions	(2,484,862)	(14,161,048)
Short term and variable lease expenses	17,654,581	13,719,315
Security	15,267,866	11,997,129
Insurance	4,742,727	4,324,388
Foreign exchange (gain)/loss	(182,291)	2,949,520
Loss/(profit) on disposal of property, plant and equipment	425,765	(339,743)
Cost of sales, other operating and administrative expenses	1,034,913,724	725,882,592

21 Expenses by nature (continued)

	2022 $	2021 $
Cost of sales	744,368,712	480,914,667
Other operating expenses	211,860,469	177,814,257
Administrative expenses	78,684,543	67,153,668
	1,034,913,724	725,882,592

22 Other income

	2022 $	2021 $
Miscellaneous income	1,657,406	918,837
Lease rental income	620,544	620,544
	2,277,950	1,539,381

23 Finance costs

	2022 $	2021 $
Lease liabilities - interest expense (Note 6)	14,615,644	14,563,603
Bank borrowings - interest expense	4,176,719	4,841,245
Related party borrowings - interest expense	--	62,671
	18,792,363	19,467,519

24 Income tax expense/(credit)

	2022 $	2021 $
Current tax	15,854,077	--
Deferred tax charge/(credit) (Note 9)	1,827,418	(7,119,180)
Prior year under provision	533,174	1,353
Business levy	--	3,716,841
	18,214,669	(3,400,986)

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

	2022 $	2021 $
Profit/(loss) before income tax	53,689,015	(31,702,677)
Tax calculated at 30%	16,106,704	(9,510,803)
Expenses not deductible for tax purposes	1,901,297	2,316,090
Business levy	--	3,716,841
Allowable expenses	(117,235)	(109,541)
Other differences	(209,271)	185,074
Prior year under provision	533,174	1,353
	18,214,669	(3,400,986)

25 Group earnings/(loss) per share

a. *Basic*

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

	2022 $	2021 $
Profit/(loss) attributable to owners of the Parent Company	35,474,346	(28,301,691)
Weighted average number of common shares in issue during the year exclusive of treasury shares	61,296,407	60,997,347
Basic earnings/(loss) per share (exclusive of treasury shares)	57.9¢	(46.4¢)

b. *Diluted*

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

Profit/(loss) attributable to owners of the parent company	35,474,346	(28,301,691)
Weighted average number of common shares in issue for diluted earnings per share	62,499,349	62,281,215
Diluted earnings/(loss) per share	56.8¢	(45.4¢)

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. Operations is also being set up in Guyana. 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.

26 **Segment information – geographical segment (continued)**

The segment results for the year ended 30 November 2022 are as follows:

	Trinidad $	Others $	Group $
Total segment revenue	1,090,996,994	14,120,158	1,105,117,152
Operating profit	72,025,840	455,538	72,481,378
Finance costs	(18,650,310)	(142,053)	(18,792,363)
Profit before income tax	53,375,530	313,485	53,689,015
Income tax credit/(expense)	(18,164,909)	(49,760)	(18,214,669)
Profit for the year	35,210,621	263,725	35,474,346

The segment results for the year ended 30 November 2021 are as follows:

	Trinidad $	Others $	Group $
Total segment revenue	702,501,314	9,606,739	712,108,053
Operating loss	(11,893,121)	(342,037)	(12,235,158)
Finance costs	(19,290,503)	(177,016)	(19,467,519)
Loss before income tax	(31,183,624)	(519,053)	(31,702,677)
Income tax credit/(expense)	3,503,570	(102,584)	3,400,986
Loss for the year	(27,680,054)	(621,637)	(28,301,691)

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

	Year ended 30 November 2022		
	Trinidad $	Others $	Group $
Depreciation	36,700,965	322,360	37,023,325
Amortisation	2,610,281	--	2,610,281
Depreciation on right-of-use assets	36,516,772	624,215	37,140,987

	Year ended 30 November 2021		
	Trinidad $	Others $	Group $
Depreciation	40,619,120	347,731	40,966,851
Amortisation	2,605,379	--	2,605,379
Depreciation on right-of-use assets	36,630,069	637,851	37,267,920

26 Segment information – geographical segment (continued)

The segment assets and liabilities at 30 November 2022 and capital expenditure for the year then ended are as follows:

	Trinidad $	Others $	Group $
Assets	819,716,176	11,544,322	831,260,498
Liabilities	538,740,610	5,135,084	543,875,694
Capital expenditure	13,327,751	4,390,407	17,718,158

The segment assets and liabilities at 30 November 2021 and capital expenditure for the year then ended are as follows:

	Trinidad $	Others $	Group $
Assets	738,497,156	9,380,430	747,877,586
Liabilities	484,916,793	5,436,507	490,353,300
Capital expenditure	21,299,212	523,015	21,822,227
Assets classified as held for sale	5,287,122	--	5,287,122

27 Dividends

On 27 February 2023, the Board of Directors of Prestige Holdings Limited approved a final dividend of 20 cents, bringing the total dividends for the financial year ended 30 November 2022 to 32 cents (2021: Nil).

28 Cash generated from operations

	2022 $	2021 $
Profit/(loss) before income tax	53,689,015	(31,702,677)
Adjustments for:		
Depreciation on property, plant and equipment and amortisation of intangible assets (Note 5 and 7)	39,633,606	43,572,230
Depreciation on right-of-use assets (Note 6)	37,140,985	37,267,920
Decrease in other payables	(421,300)	(725,863)
Finance costs (Note 23)	18,792,363	19,467,519
Foreign exchange differences	24,712	(153,626)
Covid-19 rent related concessions	(2,484,862)	(14,161,048)
Profit on disposal of property, plant and equipment, franchise fees and right of use assets	(3,240,719)	(345,915)
Changes in current assets and current liabilities:		
(Increase)/decrease in inventories	(34,175,787)	5,130,140
Increase in trade and other receivables	(7,114,472)	(67,887)
Increase in trade and other payables	71,784,921	193,784
Decrease in due to related parties	(10,441,399)	(7,802,401)
	163,187,063	50,672,176

29 **Employee benefit expense**	**2022** **$**	**2021** **$**
Wages and salaries	151,900,123	117,047,877
Payroll related taxes and other benefits	24,427,695	13,471,603
Stock based employee compensation	3,531,011	3,374,461
Pension costs – defined contribution plan	1,243,924	1,049,092
	181,102,753	134,943,033

30 **Commitments and contingent liabilities**

Capital commitments

Capital commitments for the Group as at 30 November 2022 amounted to approximately $21.7 million (2021: Nil).

Lease commitments

The Group's minimum short term 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:

Rentals due within one year	223,311	179,840

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:

	2022 **$**	**2021** **$**
Custom bonds	--	250,000

Guarantee

The Group has a guarantee in favour of Comptroller of Customs and Excise for $1.2 million (2021: $1.2 million).