Prestige Holdings Limited

Consolidated Financial Statements

30 November 2023

(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 2023, 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
22 February 2024

Chief Financial Officer
22 February 2024

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 2023, 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 2023;
- 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: $4.2 million, which represents 5% of profit before income tax.

- The Group consists of the Company, four wholly owned subsidiaries in Trinidad and Tobago (2), St. Kitts and Nevis and Jamaica, and one partially owned subsidiary in Guyana.
- 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 three other components.

- Remeasurement of the obligation of the Employee Share Ownership Plan (ESOP)

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, four wholly owned subsidiaries (Weekenders Trinidad Limited, Restaurant Leasing Corporation Limited, registered in Trinidad and Tobago, Prestige Services Limited, registered in St. Kitts and Nevis and Prestige Restaurants Jamaica Limited, registered in Jamaica) and one partially owned subsidiary (PHL (Guyana) Inc., registered in Guyana).

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; and
- PHL (Guyana) Inc. – right-of-use assets and lease liabilities.

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	$4.2m
How we determined it	5% of profit before income tax
Rationale for the materiality benchmark applied	We chose profit before income tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $417,840, 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
Remeasurement of the obligation of the Employee Share Ownership Plan (ESOP) *Refer to notes 2r (iii), 14, 16 and 28 to the consolidated financial statements for disclosures of related accounting policies and balances.* The parent company operates an ESOP covering its present employees which enables them to acquire interest in shares of the Company under a cash-settled arrangement. Unallocated treasury shares of $9.6m are stated on the Group's consolidated statement of financial position as a deduction in equity. Also included within the trade and other payables balance of $219.4m is $15.1m of stock-based compensation relating to employees, which is remeasured at each statement of financial position date. The change in the value of the liability of $4.7m is charged against administrative expenses and is included on the Group's consolidated income statement. On an annual basis, management remeasures the obligation related to the ESOP in accordance with International Financial Reporting Standard (IFRS) 2 – *Share-based Payment*. Management accounts for any purchase and sale of treasury shares related to the ESOP in accordance with International Accounting Standard (IAS) 32 – *Financial Instruments: Presentation*. This is also done within the guidelines of the parent company's accounting policy as well as the Trust Deed and rules. We focused our attention on this area due to the material nature of the balances and the significant change in share price during the current financial period.	Our approach to addressing the matter involved the following procedures, amongst others: • obtained management's computations and accounting entries and updated our understanding of the process used by management; • evaluated the method used by management and whether the accounting for the treasury shares and remeasured obligation and expense were in accordance with the relevant accounting standards and the Trust Deed; • obtained confirmation of the share price and value of shares held by the Trustee; • agreed and tested the mathematical accuracy, including verifying spreadsheet formulae of the computations; and • evaluated the reasonableness of the related disclosures to the consolidated financial statements. The results of the above audit procedures indicated management's accounting for the treasury shares and remeasurement of the obligation and expense were 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 report the matter to those charge 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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.



Port of Spain
Trinidad, West Indies
26 February 2024

Prestige Holdings Limited

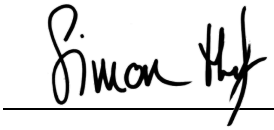
Consolidated Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 30 November 2023 $	2022 $
Assets			
Non-current assets			
Property, plant and equipment	5	289,424,583	260,395,517
Right-of-use assets	6	270,936,830	276,771,562
Intangible assets	7	58,677,486	58,892,195
Deferred income tax assets	9	11,783,848	10,435,618
		630,822,747	606,494,892
Current assets			
Inventories	10	90,243,590	84,044,358
Trade and other receivables	11	31,000,344	29,444,573
Due from related parties	17	30,290,834	10,000,000
Current income tax assets		6,026,268	6,080,554
Cash and cash equivalents		113,977,097	95,196,121
		271,538,133	224,765,606
Total assets		902,360,880	831,260,498
Equity and liabilities			
Equity attributable to owners of the parent company			
Share capital	12	23,759,077	23,759,077
Other reserves	13	37,085,037	26,415,331
Retained earnings		281,357,630	246,875,663
		342,201,744	297,050,071
Treasury shares	14	(9,587,360)	(9,665,267)
Total equity		332,614,384	287,384,804
Liabilities			
Non-current liabilities			
Borrowings	15	37,294,707	33,940,678
Lease liabilities	6	260,462,746	261,760,489
Other payables	16	292,966	292,968
		298,050,419	295,994,135
Current liabilities			
Trade and other payables	16	215,941,469	183,179,572
Borrowings	15	11,832,144	21,820,986
Lease liabilities	6	32,017,216	31,527,737
Due to related parties	17	4,295,044	6,423,193
Current income tax liabilities		7,610,204	4,930,071
		271,696,077	247,881,559
Total liabilities		569,746,496	543,875,694
Total equity and liabilities		902,360,880	831,260,498

The notes on pages 13 to 50 are an integral part of these consolidated financial statements.

On 22 February 2024, 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 2023 $	2022 $
Revenue	18	1,329,211,931	1,105,117,152
Cost of sales	19,20	(893,214,182)	(744,368,712)
Gross profit		435,997,749	360,748,440
Other operating expenses	20	(229,456,943)	(211,860,469)
Administrative expenses	20	(105,678,856)	(78,684,543)
Other income	21	922,211	2,277,950
Operating profit		101,784,161	72,481,378
Finance costs	22	(18,216,226)	(18,792,363)
Profit before income tax		83,567,935	53,689,015
Income tax expense	23	(27,632,226)	(18,214,669)
Profit for the year		55,935,709	35,474,346
Profit/(loss) attributable to:			
Owners of the parent company		56,011,590	35,474,346
Non-controlling interest		(75,881)	--
		55,935,709	35,474,346
Earnings per share attributable to the equity holders of the parent company			
- Basic earnings per share (exclusive of treasury shares)	24	91.4¢	57.9¢
- Diluted earnings per share	24	89.6¢	56.8¢

The notes on pages 13 to 50 are an integral part of these consolidated financial statements.

Prestige Holdings Limited

Consolidated Statement of Comprehensive Income
(Expressed in Trinidad and Tobago Dollars)

	Note	Year ended 30 November 2023 $	2022 $
Profit for the year		55,935,709	35,474,346
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Gain on land revaluation	13	10,655,000	--
Currency translation differences	13	14,706	41,830
Total comprehensive income for the year		66,605,415	35,516,176
Attributable to:			
Owners of the parent company		66,681,296	35,516,176
Non-controlling interests		(75,881)	--
		66,605,415	35,516,176

The notes on pages 13 to 50 are an integral part of these consolidated financial statements.

Prestige Holdings Limited

Consolidated Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Note	Share capital $	Other reserves $	Retained earnings $	Total $	Treasury Shares $	Total equity $
Balance at 1 December 2022		23,759,077	26,415,331	246,875,663	297,050,071	(9,665,267)	287,384,804
Profit for the year		--	--	55,935,709	55,935,709	--	55,935,709
Other comprehensive income							
Gain on land revaluation	13	--	10,655,000	--	10,655,000	--	10,655,000
Currency translation differences	13	--	14,706	--	14,706	--	14,706
Total comprehensive income for the year		--	10,669,706	55,935,709	66,605,415	--	66,605,415
Transactions with owners							
Sale of treasury shares		--	--	--	--	77,907	77,907
Net dividends for 2023							
- Paid – 35 cents per share		--	--	(21,453,742)	(21,453,742)	--	(21,453,742)
Balance at 30 November 2023		23,759,077	37,085,037	281,357,630	342,201,744	(9,587,360)	332,614,384
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	13	--	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

The notes on pages 13 to 50 are an integral part of these consolidated financial statements.

Prestige Holdings Limited

Consolidated Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 November 2023 $	2022 $
Cash flows from operating activities			
Cash generated from operations	27	181,718,484	163,187,063
Interest paid	22	(18,216,226)	(18,792,363)
Income tax paid		(26,299,248)	(12,347,079)
Net cash generated from operating activities		137,203,010	132,047,621
Cash flows from investing activities			
Purchase of intangible assets	7	(2,721,060)	(1,433,838)
Purchase of property, plant and equipment	5	(54,922,446)	(17,718,158)
Proceeds from disposal of property, plant and equipment		205,863	332,777
Net cash used in investing activities		(57,437,643)	(18,819,219)
Cash flows from financing activities			
Proceeds from sale of treasury shares	14	77,907	1,674,735
Proceeds from borrowings		15,185,925	12,000,000
Repayment of borrowings		(21,802,289)	(50,330,084)
Dividends paid to shareholders		(21,453,742)	(7,330,393)
Payments on lease liabilities		(32,992,192)	(29,019,194)
Net cash used in financing activities		(60,984,391)	(73,004,936)
Net increase in cash and cash equivalents		18,780,976	40,223,466
Cash and cash equivalents			
At start of year		95,196,121	54,972,655
At end of year		113,977,097	95,196,121

The notes on pages 13 to 50 are an integral part of these consolidated financial statements.

1 General information

Prestige Holdings Limited (Parent Company) was incorporated in the Republic of Trinidad and Tobago on 24 November 1972 under the Companies Ordinance, Ch. 31 No. 1 and was continued under the Companies Act, 1995 on 26 November 1997. The Registered Office of the Parent Company is 47-49 Sackville Street, Port of Spain. The Parent Company operates 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. Kitts 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. The 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. One restaurant was opened in April 2023. Shares will be issued for this Company at a future date. The shareholders have agreed in writing that the Parent Company will own 75% of shares upon issue and is responsible for the day-to-day decision making and operations of the entity.

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

In the financial year 2022, all COVID-19 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 2022:

- Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework (effective 1 January 2022) In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The amendments must be applied prospectively. Earlier application is permitted. These amendments had no impact on the consolidated financial statements of the Group. This amendment did not have any impact on the Group.
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (effective 1 January 2022) The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for first-time adopters. These amendments had no impact on the consolidated financial statements of the Group.
- Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (effective 1 January 2022). In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. These amendments had no impact on the consolidated financial statements of the Group.

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

2 **Significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(i) *Changes in accounting policies and disclosures*

(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 2022 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 January 2022)*

  The annual improvement process of the International Accounting Standards Board deals with non-urgent, but necessary clarifications and amendments to IFRS. The following amendment is applicable to periods beginning on or after 1 January 2022, but have resulted in no material change to the consolidated financial statements.

  Amendment to IAS 41 - Agriculture - The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

- *IFRS 17 Insurance contracts (effective 1 January 2023)*

- *Amendments to IAS 1 Presentation of Financial Statements - Classification of liabilities as current or non-current (effective 1 January 2024)*

- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of accounting estimates (effective 1 January 2023)*

- *Amendments to IAS 1 and IFRS Practice statement 2 - Disclosure of accounting policies (effective 1 January 2023)*

- *Amendments to IAS 12 Income Taxes – Deferred tax related to assets and liabilities arising from a single transaction (effective 1 January 2023)*

- *International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12 Income Taxes (effective 1 January 2023)*

- *Lease liability in a sale and leaseback - Amendments to IFRS 16 (effective on or after 1 January 2024)*

- *Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective 1 January 2024)*

- *Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 (effective 1 January 2024)*

2 **Significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(ii) *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*

(i) *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.

(ii) *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 giving consideration to the expected currency of settlement of the transaction and any applicable currency conversion rates at the reporting date. 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	- 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 (ESOP) 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. Employees have the option to receive their award in cash or shares and as such the plan is accounted for as a cash settled arrangement. The ESOP will close to future vesting of shares from 2025.

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.

2 **Significant accounting policies (continued)**

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

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

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.

2 **Significant accounting policies (continued)**

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.

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.

2 **Significant accounting policies (continued)**

w. *Leases (continued)*

The Group as a lessee (continued)

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

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

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

The Group remeasures the lease liability when there is a change in future lease payments arising from a change in an index or rate 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 2022. 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. All COVID-19 rental waivers ended in the financial year ended 30 November 2022.

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.

2 **Significant accounting policies (continued)**

w. *Leases (continued)*

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
- 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. The Group also utilises alternative currencies to settle foreign payments. This policy is consistent with prior years.

As at 30 November 2023, the foreign currency obligation in TT dollars arising mainly from foreign inventory suppliers and accrued balances was $100,931,286 (2022: $80,821,849). In addition, there was US dollar loan brought forward from 2022 in TT dollars of $6,427,047 which was paid off in October 2023. A new US dollar loan ($15,186,223) was secured in November 2023 for which payments begin in January 2024. If the currency had weakened/strengthened by 7% with all other variables held constant, post-tax profits for the year would have been $4,945,633 (2022: $3,933,811) lower/higher, mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated trade payables and accruals. For the new US dollar loan, this would have amounted to $744,125.

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. The two TT dollar loans were taken during 2019 and 2020 and are both repayable in 15 years. The US dollar loan was taken in 2023 and is repayable in 2 years.

	2023		2022	
	$	%	$	%
Variable rate borrowings	45,945,032	94	39,852,573	71
Other borrowings – fixed rate	3,181,819	6	15,909,091	29
	49,126,851	100	55,761,664	100

As at 30 November 2023, the variable rate borrowing obligation was $45,945,032 (2022: $39,852,573) 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 9.56% 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 $260,589 (2022: $146,209). 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 $271,497 (2022: $162,953).

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 $856,894 (2022: $525,442).

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 2023 and 2022.

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 2023					
Borrowings - third party	8,899,555	6,337,452	28,472,656	17,139,291	60,848,954
Lease liabilities	24,205,504	22,422,383	192,848,845	158,037,923	397,514,655
Due to related parties	4,295,044	--	--	--	4,295,044
Trade and other payables, excluding statutory liabilities	194,837,828	--	292,966	--	195,130,794
	232,237,931	28,759,835	221,614,467	175,177,214	657,789,447
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

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.

	2023 $	2022 $
Net debt	227,629,716	253,853,769
Total equity	332,614,384	287,384,804
Total capital	560,244,100	541,238,573
Net debt to capital ratio	40.6%	46.9%

3 **Financial risk management (continued)**

b. *Capital risk management (continued)*

The financial performance and financial position of the Group improved with the releasing of all Covid-19 restrictions. 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.

	2023 $	2022 $
Cash and cash equivalents	113,977,097	95,196,121
Borrowings	(49,126,851)	(55,761,664)
Lease liabilities	(292,479,962)	(293,288,226)
Net debt	(227,629,716)	(253,853,769)
Cash and cash equivalents	113,977,097	95,196,121
Gross debt – fixed interest rates	(295,661,781)	(309,197,317)
Gross debt – variable interest rates	(45,945,032)	(39,852,573)
Net debt	(227,629,716)	(253,853,769)

	Cash $	Borrowings $	Lease liabilities $	Total $
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)
Cash flows	18,780,976	6,634,813	808,264	26,224,053
Net debt as at 30 November 2023	113,977,097	(49,126,851)	(292,479,962)	(227,629,716)

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 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:

	2023		2022	
	From %	To %	From %	To %
Year 1 growth rate	(0.2)	(10.8)	13.9	11.6
Year 2-5 growth rate	2.6	1.9	2.6	1.9
Average gross margin	32.2	28.8	31.3	30.4
Weighted average cost of capital	10.5	16.6	10.6	12.2

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 (2022: 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 (2022: 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 (2022: 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 (2022: 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:

	2023		2022	
	From %	To %	From %	To %
Year 1 growth rate	3.0	(15.1)	11.2	6.7
Year 2-5 growth rate	2.0	(11.1)	2.0	(3.8)
Average gross margin	43.0	35.4	40.3	31.3
Weighted average cost of capital	10.9	25.5	10.9	31.0

5 **Property, plant and equipment**

	Land $	Buildings and improvements $	Plant and machinery $	Vehicles $	Furniture $	Work in progress $	Total $
Year ended 30 November 2023							
Opening net book amount	98,635,000	99,684,547	32,167,802	1,341,402	23,870,295	4,696,471	260,395,517
Additions	--	13,266,218	14,372,348	4,061,169	6,178,605	17,044,106	54,922,446
Transfers	--	4,628,990	5,634,545	--	5,839,746	(16,103,281)	--
Disposals	--	--	(2,488)	--	--	--	(2,488)
Land revaluation	10,655,000	--	--	--	--	--	10,655,000
Depreciation charge	--	(18,239,939)	(10,384,737)	(1,031,238)	(6,889,978)	--	(36,545,892)
Closing net book amount	109,290,000	99,339,816	41,787,470	4,371,333	28,998,668	5,637,296	289,424,583
At 30 November 2023							
Cost or valuation	109,290,000	365,715,784	301,170,586	22,378,555	174,962,860	5,637,296	979,155,081
Accumulated depreciation	--	(266,375,968)	(259,383,116)	(18,007,222)	(145,964,192)	--	(689,730,498)
Net book amount	109,290,000	99,339,816	41,787,470	4,371,333	28,998,668	5,637,296	289,424,583
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	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
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

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

Depreciation expense of $32,118,072 (2022: $32,650,407) is included in 'other operating expenses' and $4,427,819 (2022: $4,372,918) is included in 'administrative expenses. Bank borrowings are secured on property, plant and equipment of the Group for the value of approximately $49 million (2022: $49 million). Included in buildings and improvements are buildings amounting to $32,806,105 (2022: $32,152,024) and improvements amounting to $66,533,716 (2022: $67,760,122).

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 2023 for all freehold properties and leasehold properties except the Aranguez property which was performed as at 30 November 2019. The following table analyses the non-financial assets carried at fair value, by valuation method.

Fair value measurements as at 30 November 2023 and 2022

	Quoted prices In active markets for identical assets (level 1) $	Significant other observable inputs (level 2) $	Significant unobservable inputs (level 3) $
2023	--	--	109,290,000
2022	--	--	98,635,000

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 and buildings have been derived using the income approach for properties (land and buildings) and for land only the market comparison approach was used. 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 (2022: $66,898,230).

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	2023 Buildings $	2022 Buildings $
Costs		
At beginning of year	376,499,284	338,955,234
Additions	44,566,829	86,738,965
Effect of modifications to lease terms	--	13,682,191
Disposals	(14,301,338)	(62,919,292)
Exchange adjustment	(39,091)	42,186
	406,725,684	376,499,284
Accumulated depreciation		
At beginning of year	99,727,722	77,081,004
Charge for the year	38,860,823	37,140,987
Exchange adjustment	(21,859)	9,273
Disposals	(2,777,832)	(14,503,542)
	135,788,854	99,727,722
Net book value	270,936,830	276,771,562

Lease liabilities	2023 $	2022 $
At beginning of year	293,288,226	276,419,097
Additions	44,566,828	86,738,965
Effect of modifications to lease terms	--	13,682,191
Exchange adjustment	(23,051)	34,263
Payments	(32,992,192)	(29,019,194)
Disposals	(12,359,849)	(52,082,234)
Covid-19 related rent concessions	--	(2,484,862)
At end of year	292,479,962	293,288,226
Current	32,017,216	31,527,737
Non-current	260,462,746	261,760,489
Total lease liabilities	292,479,962	293,288,226

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

Interest expense on lease liabilities (Note 22)	15,443,179	14,615,644
Depreciation charge on right-of-use assets (Note 20)	38,860,823	37,140,987
Expense relating to low value and short-term leases	13,757,358	15,354,008
Expense relating to variable lease payments not included in lease liabilities	3,372,219	2,300,573
Covid-19 related rent concessions	--	2,484,862

The total cash outflow for leases in 2023 was $68,621,805 (2022: $61,557,835).

7 **Intangible assets**

	Goodwill $	Indefinite life franchise agreements $	Other deferred costs $	Total $
Year ended 30 November 2023				
Opening net book amount	6,157,578	40,800,000	11,934,617	58,892,195
Additions	--	--	2,721,060	2,721,060
Exchange differences	--	--	(21,461)	(21,461)
Amortisation charge	--	--	(2,914,308)	(2,914,308)
Closing net book amount	6,157,578	40,800,000	11,719,908	58,677,486
At 30 November 2023				
Cost	24,791,308	40,800,000	50,915,151	116,506,459
Accumulated amortisation and impairment	(18,633,730)	--	(39,195,243)	(57,828,973)
Net book amount	6,157,578	40,800,000	11,719,908	58,677,486
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
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

Amortisation charge of $2,914,308 (2022: $2,610,281) 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.

	2023 $	2022 $
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 %	 Year 2 - 5 %	Weighted average cost of capital %
2023	43.0	3.0	2.0	10.9
2022	40.3	11.2	2.0	10.9

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	2023 $	2022 $
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 2023

	Year 1 %	Year 2 %	Year 3 %	Year 4- 5 %
Average gross margin	32.2	32.2	32.2	32.2
Revenue growth rates	(0.2)	2.5	2.5	2.5
Weighted average cost of capital	10.5	10.5	10.5	10.5

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

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**

	2023 $	2022 $
Assets as per consolidated statement of financial position		
Financial assets at amortised cost		
Trade and other receivables, excluding prepayments	19,855,686	4,581,886
Cash and cash equivalents	113,977,097	95,196,121
Total	133,832,783	99,778,007
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost		
Borrowings	49,126,851	55,761,664
Lease liabilities	292,479,962	293,288,226
Trade and other payables, excluding statutory liabilities	195,130,794	166,935,519
Due to related parties	4,295,044	6,423,193
Total	541,032,651	522,408,602

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 15.

For lease liabilities, the fair value based on cash flows discounted using an incremental borrowing rate of 5.5% was $289,187,578 (2022: 5.5% - $289,728,323).

9 **Deferred income tax assets**

	2023 $	2022 $
Opening amount	(10,435,618)	(12,258,214)
(Credit)/ charge to consolidated income statement (Note 23)	(1,351,557)	1,827,418
Foreign exchange translation (Forex)	3,327	(4,822)
Closing amount	(11,783,848)	(10,435,618)

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

Year ended 30 November 2023 *Deferred income tax assets*	At 1.12.22 $	Charge/ (credit) to income statement $	Forex $	At 30.11.23 $
Accelerated tax depreciation	(4,998,447)	236,208	3,327	(4,758,912)
Leases liabilities	(5,424,882)	(1,587,765)	--	(7,012,647)
Tax losses	(12,289)	--	--	(12,289)
	(10,435,618)	(1,351,557)	3,327	(11,783,848)

Year ended 30 November 2022 *Deferred income tax assets*	At 1.12.21 $	Charge/ (credit) to income statement $	Forex $	At 30.11.22 $
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)

9 **Deferred income tax (continued)**

The Group has accumulated tax losses of approximately nil (2022: $851,037) available for set off against future chargeable profits.

10 **Inventories**

	2023 $	2022 $
Food supplies and packaging materials	70,644,090	67,308,358
Consumable stores	19,599,500	16,736,000
	90,243,590	84,044,358

The cost of inventories recognised as expense and included in "cost of sales" amounted to $594,460,645 (2022: $495,297,329).

The write-down of inventories recognised as expense and included in "administrative expenses" amounted to $4,402,916 (2022: $3,456,307).

11 **Trade and other receivables**

Trade receivables	5,730,801	4,944,959
Less: expected credit losses	(1,095,574)	(1,095,574)
	4,635,227	3,849,385
Prepayments	11,144,658	9,303,368
Other receivables	15,220,459	16,291,820
	31,000,344	29,444,573

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

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

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

TT dollar	29,672,650	28,643,662
Other currencies	1,327,694	800,911
	31,000,344	29,444,573

12 Share capital

	2023 $	2022 $
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

13 Other reserves

	Land revaluation $	Currency translation $	Total $
Balance at 1 December 2022	31,736,770	(5,321,439)	26,415,331
Gain on revaluation	10,655,000	--	10,655,000
Currency translation differences	--	14,706	14,706
Balance at 30 November 2023	42,391,770	(5,306,733)	37,085,037
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

14 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 2022	1,216,595	9,665,267
Sale of shares	(13,912)	(77,907)
Balance at 30 November 2023	1,202,683	9,587,360
Balance at 30 November 2022	1,216,595	9,665,267

15 **Borrowings**

	2023 $	2022 $
Non-current		
Bank borrowings	37,294,707	33,940,678
Current		
Bank borrowings	11,832,144	21,820,986
Total borrowings	49,126,851	55,761,664

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% (2022: 5.5%) is $3,188,568 (2022: $15,378,458).

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% (2022:5.5%) was $22,231,156 (2022: $$23,243,462).

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% (2022: 5.5%) was $8,808,988 (2022: $9,178,484).

Loan 4
The borrowing represents a US dollar loan for $2.25 million at a rate of 9.57% per annum for two years subject to monthly interest rate resets. Interest is payable monthly. Principal is repayable by 24 monthly instalments which will commenced on 01 February 2024. The loan is unsecured. The fair value based on cash flows discounted using a current borrowing rate of 9.57% is $12,739,840.

The Group has the following undrawn borrowing facilities:

	2023 $	2022 $
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 2024.

15 **Borrowings (continued)**

	2023 $	2022 $
The carrying amounts of the Group's borrowings are denominated in the following currencies:		
Trinidad & Tobago dollars	33,940,926	49,334,617
United States dollars	15,185,925	6,427,047
	49,126,851	55,761,664

16 **Trade and other payables**

Non-current		
Other payables (stock-based compensation)	292,966	292,968
Current		
Trade payables	170,284,950	143,781,520
Accrued expenses	12,801,360	12,783,958
Stock based compensation	14,781,310	10,150,477
Payroll related taxes and other benefits	18,073,849	16,463,617
	215,941,469	183,179,572
Total trade and other payables	216,234,435	183,472,540

17 **Related party balances and transactions**

a. *Due to/from related parties*

Due to affiliated companies	4,295,044	6,423,193
Due from affiliated companies	30,290,834	10,000,000

The due from affiliated companies balance relates to three loans and a short-term advance to the ultimate parent company, Victor E Mouttet Limited, totalling $20,125,000. Additionally, VEMCO has a loan of $7,000,000 and a receivable balance of $3,165,834. The loan amounts are unsecured with an interest rate of 3%.

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

Purchase of foods and related supplies	50,251,260	45,192,645
Purchases – other	1,273,870	3,974,832
Other income	620,544	1,529,744
Lease income	620,544	620,544
Lease of properties – cash outflow	3,261,965	3,169,064
Loans and short-term advance to parent company	20,125,000	10,000,000
Interest on loans and short-term advance to parent company	158,350	56,301
Leases liabilities - non-current	14,668,364	17,109,829
Lease liabilities - current	2,441,465	2,319,682
	17,109,829	19,429,511

17	**Related party balances and transactions (continued)**	**2023** **$**	**2022** **$**
	b. *Directors' fees*	1,190,400	1,032,000
	c. *Key management compensation*		
	Salaries and other short-term benefits	12,636,452	9,150,726
	Pension costs – defined contribution plan	292,812	(81,424)
	Stock based compensation	--	313,467
		12,929,264	9,382,769

18 **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 2023	981,508,826	347,703,105	1,329,211,931
Total segment revenue 2022	829,699,010	275,418,142	1,105,117,152

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.

19 **Cost of sales**

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

20	**Expenses by nature**	**2023** **$**	**2022** **$**
	The following items have been charged/(credited) in arriving at the operating profit:		
	Cost of inventories (Note 10)	594,460,645	495,297,329
	Employee benefit expense (Note 28)	225,236,969	181,102,753
	Other expenses	96,960,653	82,831,301
	Royalties	81,917,496	68,117,757
	Depreciation on property, plant and equipment and amortisation of intangible assets	39,459,298	39,633,606
	Depreciation on right-of-use assets (Note 6)	38,860,823	37,140,987
	Advertising costs	51,969,657	43,812,731
	Repairs and maintenance on property, plant and equipment	33,506,445	31,227,805
	Utilities	22,710,293	20,325,669
	Rent waiver IFRS 16 Covid-19 concessions	--	(2,484,862)
	Short term and variable lease expenses	21,233,244	17,654,581
	Security	14,136,685	15,267,866
	Insurance	5,128,926	4,742,727
	Foreign exchange loss/(gain)	3,114,967	(182,291)
	(Profit)/loss on disposal of property, plant and equipment	(346,120)	425,765
	Cost of sales, other operating and administrative expenses	1,228,349,981	1,034,913,724

20 Expenses by nature (continued)

	2023 $	2022 $
Cost of sales	893,214,182	744,368,712
Other operating expenses	229,456,943	211,860,469
Administrative expenses	105,678,856	78,684,543
	1,228,349,981	1,034,913,724

21 Other income

Miscellaneous income	301,667	1,657,406
Lease rental income	620,544	620,544
	922,211	2,277,950

22 Finance costs

Lease liabilities - interest expense (Note 6)	15,443,179	14,615,644
Bank borrowings - interest expense	2,773,047	4,176,719
	18,216,226	18,792,363

23 Income tax expense

Current tax	28,953,802	15,854,077
Deferred tax (credit)/charge (Note 9)	(1,351,557)	1,827,418
Prior year under provision	29,981	533,174
	27,632,226	18,214,669

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

Profit before income tax	83,567,935	53,689,015
Tax calculated at 30%	24,850,005	16,106,704
Expenses not deductible for tax purposes	3,920,780	1,901,297
Allowable expenses	(762,712)	(117,235)
Other differences	(405,828)	(209,271)
Prior year under provision	29,981	533,174
	27,632,226	18,214,669

24 Group earnings per share

a. *Basic*

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

	2023 $	2022 $
Profit attributable to owners of the Parent Company	56,011,590	35,474,346
Weighted average number of common shares in issue during the year exclusive of treasury shares	61,310,319	61,296,407
Basic earnings per share (exclusive of treasury shares)	91.4¢	57.9¢

b. *Diluted*

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

Profit attributable to owners of the parent company	56,011,590	35,474,346
Weighted average number of common shares in issue for diluted earnings per share	62,513,002	62,499,349
Diluted earnings per share	89.6¢	56.8¢

25 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 also began in Guyana with the opening of one Starbucks restaurant in the year. 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.

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

The segment results for the year ended 30 November 2023 are as follows:

	Trinidad $	Others $	Group $
Total segment revenue	1,294,571,610	34,640,321	1,329,211,931
Operating profit	97,496,561	4,287,600	101,784,161
Finance costs	(17,808,551)	(407,675)	(18,216,226)
Profit before income tax	79,688,010	3,879,925	83,567,935
Income tax expense	(26,955,177)	(677,049)	(27,632,226)
Profit for the year	52,732,833	3,202,876	55,935,709

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 expense	(18,164,909)	(49,760)	(18,214,669)
Profit for the year	35,210,621	263,725	35,474,346

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

	Year ended 30 November 2023		
	Trinidad $	Others $	Group $
Depreciation	35,231,917	1,313,975	36,545,892
Amortisation	2,873,274	41,034	2,914,308
Depreciation on right-of-use assets	38,126,817	734,006	38,860,823

	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

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

The segment assets and liabilities at 30 November 2023 and capital expenditure for the year then ended are as follows:

	Trinidad $	Others $	Group $
Assets	872,430,495	29,930,385	902,360,880
Liabilities	543,239,914	26,506,582	569,746,496
Capital expenditure	46,846,555	8,075,891	54,922,446

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

26 **Dividends**

On 22 February 2024, the Board of Directors of Prestige Holdings Limited approved a final dividend of 30 cents, bringing the total dividends for the financial year ended 30 November 2023 to 45 cents (2022: 32 cents).

27 **Cash generated from operations**	2023 $	2022 $
Profit before income tax	83,567,935	53,689,015
Adjustments for:		
Depreciation on property, plant and equipment and amortisation of intangible assets (Note 5 and 7)	39,460,200	39,633,606
Depreciation on right-of-use assets (Note 6)	38,860,823	37,140,985
Decrease in other payables	--	(421,300)
Finance costs (Note 22)	18,216,226	18,792,363
Foreign exchange differences	65,185	24,712
Covid-19 rent related concessions	--	(2,484,862)
Profit on disposal of property, plant and equipment, franchise fees and right of use assets	(1,039,796)	(3,240,719)
Changes in current assets and current liabilities:		
Increase in inventories	(6,199,232)	(34,175,787)
Increase in trade and other receivables	(1,555,771)	(7,114,472)
Increase in trade and other payables	32,761,897	71,784,921
Decrease in due to related parties	(22,418,983)	(10,441,399)
	181,718,484	163,187,063

28 **Employee benefit expense**

	2023 $	2022 $
Wages and salaries	175,257,265	151,900,123
Payroll related taxes and other benefits	40,964,128	24,427,695
Stock based employee compensation	7,720,647	3,531,011
Pension costs – defined contribution plan	1,294,929	1,243,924
	225,236,969	181,102,753

29 **Commitments and contingent liabilities**

Capital commitments

Capital commitments for the Group as at 30 November 2023 amounted to approximately $16.5 million (2022: $21.7 million).

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	267,830	223,311

Guarantee

The Group has a guarantee in favour of Comptroller of Customs and Excise for $1.2 million (2022: $1.2 million).