BITE BY BITE

PRESTIGE HOLDINGS LTD.
A Restaurant Management Company

Annual Report 2019

Welcome to our 2019
Annual Report,

a detailed and
transparent breakdown
- bite by bite -
of tactics, strategies,
objectives,
achievements and
growth.

PRESTIGE HOLDINGS LTD.
A Restaurant Management Company

OUR VISION *To be in the hearts and minds of our customers for every eating experience*

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Notice of Annual Meeting

NOTICE IS HEREBY GIVEN that the **ANNUAL MEETING OF SHAREHOLDERS OF PRESTIGE HOLDINGS LIMITED ("the Company")** will be held at No. 22 London Street, Port of Spain on Tuesday 28 April 2020 at 11:00 a.m. for the following purposes:-

ORDINARY BUSINESS:

1. To receive and consider the Audited Financial Statements of the Company and its subsidiaries for the year ended 30 November 2019 together with the Reports of the Directors and Auditors thereon.

2. To declare a final dividend of twenty (20) cents per common share.

3. To re-elect Mr. Martin de Gannes a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the third Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

4. To re-elect Mr. Neil Poon Tip a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the third Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

5. To re-appoint the incumbent Auditors and authorise the Directors to fix their remuneration and expenses for the ensuing year.

Dated: 23 March, 2020
By Order of the Board
Marlon Danglade
Company Secretary
Nos. 47–49 Sackville Street,
Port of Spain,
Trinidad, West Indies.

Notice of Annual Meeting
- Continued

Notes:

1. No service contracts were entered into between the Company (or any of its subsidiaries) and any of their respective directors.

2. The Directors of the Company have not fixed a record date for the determination of shareholders who are entitled to receive notice of the Annual Meeting. In accordance with Section 111(a)(i) of the Companies Act, Chapter 81:01, the statutory record date applies. Only shareholders on record at the close of business on the date immediately preceding the date of this Notice are therefore entitled to receive Notice of the Annual Meeting. A list of such shareholders will be available for examination by shareholders at the Company's Registered Office at Nos. 47–49 Sackville Street, Port of Spain, during usual business hours and at the Annual Meeting.

3. A shareholder entitled to attend and vote at the Annual Meeting is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder. A Proxy Form is attached. Please complete and sign same in accordance with the Notes on the Proxy Form and then deposit same at the Registered Office of the Company, not more than 48 hours before the time appointed for the holding of the Annual Meeting.

4. A shareholder that is a body corporate may, in lieu of appointing a proxy, authorize an individual by resolution of its directors or of its governing body to represent it at the Annual Meeting.

Corporate Information

BOARD OF DIRECTORS

Christian E. Moutett	Chairman
Simon Hardy	Chief Executive Officer
Angela Lee Loy	Director
Kurt A.A. Miller	Director
Martin de Gannes	Director
Rene de Gannes	Director
Neil Poon Tip	Director

COMPANY SECRETARY & REGISTERED OFFICE

Marlon Danglade
47-49 Sackville Street
Port of Spain

BANKERS

Scotiabank Trinidad and Tobago Limited
Scotia Centre
56-58 Richmond Street
Port of Spain

First Citizens Bank Limited
Corporate Banking Unit
9 Queen's Park East
Port of Spain

RBC Royal Bank (Trinidad and Tobago) Limited
19-21 Park Street
Port of Spain

Republic Bank Limited
Corporate Business Centre North
1st Floor, Republic Promenade Centre
72 Independence Square
Port of Spain

ATTORNEYS AT LAW

Fitzwilliam Stone, Furness-Smith and Morgan
48-50 Sackville Street
Port of Spain

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
11-13 Victoria Avenue
Port of Spain

REGISTRAR & TRANSFER AGENT

Trinidad and Tobago Central Depository Limited
10th Floor, Nicholas Towers
63 Independence Square
Port of Spain

BOARD COMMITTEE

CORPORATE GOVERNANCE AND NOMINATION

Kurt A.A. Miller	Chairman
Christian E. Moutett	
Neil Poon Tip	

AUDIT

Angela Lee Loy	Chairman
Kurt A.A. Miller	
Rene de Gannes	

HUMAN RESOURCE AND COMPENSATION

Martin de Gannes	Chairman
Christian E. Moutett	
Neil Poon Tip	

Chairman’s Report 2019

To our shareholders, employees, customers and partners

I am pleased to report that for the financial year 2019, Group revenue increased by 7% and profit after tax increased by 36% to $35.8 million from $26.4 million in the prior year. Earnings per share were 58.7 cents compared to 43.2 cents for the same period in 2018. Long-term borrowings increased from $63 million to $77 million due to the financing of Trincity Plaza, a new development which houses three of our brands, and our net debt to equity ratio at the end of 2019 was strong at 4:96.

During the period, we opened seven new restaurants – two Starbucks at Trincity and Couva, two Pizza Huts at Trincity and Couva, a TGI Friday’s at Trincity and two KFCs at Movie Towne, Port of Spain and Tumpuna Road. During the year, we also closed two Subway restaurants in Port of Spain, at Long Circular Mall and Hart Street, relocated the Subway in Valsayn and reimaged five KFCs at Morvant, Gulf View, Tunapuna, Westmoorings and Marabella. We ended the year with a total of 129 restaurants.

Operations

Our improved profitability in 2019 was due to increased sales, primarily from new restaurants, and improved operations in most of our brands. While all brands experienced improved sales, our Subway, Starbucks and TGI Friday’s brands enjoyed the most significant improvement in profitability when compared to the prior year. During the year, we completed a new development, Trincity Plaza, Trincity, and the performance of our new restaurants at this location has so far exceeded our expectations.

Across all brands, improving the customer experience and achieving greater operating efficiencies were key areas of focus in 2019. Independent market research monitored by ourselves and our international franchisors during the period

Chairman’s Report 2019

-Continued

indicate that we have improved in many areas. The other area of improvement in 2019 was the successful introduction of new products in some brands and the introduction of value offerings that resonated with our customers.

Looking Forward

We expect that in 2020, we will continue to face some of the challenges experienced in the previous year, the most significant being the ability to access sufficient foreign exchange to pay our foreign suppliers on a timely basis. This situation not only has a significant cost impact on our Group, but also is a threat to our supply chain. As we work through this, we are also seeking innovative ways of reducing our reliance on imports by working with local manufacturers and producers to improve local sourcing. We have already achieved some success in this area in 2019, with two significant products that were previously imported, now being sourced locally. We plan to continue this effort in 2020 and beyond as we work with local suppliers to improve quality and capacity.

In the current financial year, we will begin construction of a new Operations and Distribution Centre in Aranguez. This will be a significant investment for our Group and will, for the first time, bring together all of our offices and warehousing, currently in three locations, into one integrated facility. We expect that this will improve management effectiveness and operational efficiencies from inception. This facility is expected to be occupied in the first half of 2022.

As mentioned last year, we are making continuous investments in innovation and convenience in order to not only meet customer needs, but influence and drive how consumers access and interact with our brands. This will be an area of continuous focus in 2020 and beyond. We expect that these initiatives, along with operational improvements and new store development, will deliver improved operating results in 2020.

Finally, we expect a significant accounting impact on our Income Statement and Balance Sheet in 2020, due to the required adoption of the IFRS 16 Standard, which impacts how we account for leases. The vast majority of our 129 restaurants operate from leased premises, and as a result, the adoption of this new standard will, in the initial years, add a significant asset and liability to our balance sheet and non-cash expense to our income statement. For the benefit of shareholders, this change will be clearly identified in our quarterly reporting for the 2020 financial year.

Dividends

The Board approved a final dividend of 20 cents (2018 – 20 cents) per common share, which, with shareholders’ approval, will bring the total dividends payable for the financial year 2019 to 32 cents (2018 – 32 cents). The final dividend will be paid on 18 May, 2020 to shareholders whose names appear on the Register of Members on 7 May, 2020.

Chairman's Report 2019
-Continued

Acknowledgement

After two difficult years for our company, 2019 represented a welcome reversal as we worked through the many issues facing our business, including higher foreign exchange and food costs, a difficult macro-economic environment and, frankly, some self-inflicted wounds from prior years. I would like to acknowledge the significant contribution of management and by extension the entire staff – it is because of their hard work and dedication that we have posted improved results in 2019. Lastly, I would like to thank my fellow directors for the support and counsel that they provided to the senior management and me during the year.

Christian E. Mouttet
Chairman
27 February 2020

Board of Directors

1. Christian E. Mouttet
B.A., Chairman

2. Angela Lee Loy
F.C.C.A., C.A., Director

3. Simon Hardy
B.Eng., F.C.A., C.A.,
Chief Executive Officer

4. Martin de Gannes
B.Sc., M.Sc., FICB

5. Rene de Gannes
B.Sc., (Hons), Director

6. Neil Poon Tip
B. Comm., Director

7. Kurt A.A. Miller
LL.B.(Hons), Director

Board of Directors
-Continued

1 Christian E. Moouttet,

B.A., Chairman

Mr. Mouttet is the Chairman and CEO of Victor E. Mouttet Limited and Chairman of Agostini's Limited. He holds a Bachelor of Arts Degree with a double Major in Business Administration and Political Science from Wagner College, New York.

2 Angela Lee Loy,

F.C.C.A., C.A., Director

Ms. Lee Loy is the Chairman of Aegis Business Solutions Limited, outsourcing and advisory services, Partner of Aegis & Co., external audit company and Chairman of recruitment agency, Eve Anderson Recruitment Limited and Caribbean Resourcing Solutions Limited. She is a Fellow of the Association of Chartered Certified Accountants (UK). She was a former partner, responsible for the provision of Assurance and Business Advisory Services with PricewaterhouseCoopers.

Ms. Lee Loy is a non-executive director and Chairman/member of the audit committee for a number of public and private companies. She is the immediate past President of Trinidad and Tobago Coalition Services Association (TTCSI) and within the NGO sector; she is also Chairman of Social Justice Foundation and Music Literacy Trust and director on The Mercy Foundation, a division of Living Waters.

She was the first female President of the Institute of Chartered Accountants of Trinidad & Tobago (ICATT), the Institute of Chartered Accountants of the Caribbean (ICAC) and the Chairman of the National AIDS Coordinating Committee (NACC).

3 Simon Hardy,

B.Eng., F.C.A., C.A., Chief Executive Officer

Mr. Hardy gained his formal education in the United Kingdom, having graduated with a bachelor's degree (Honours) in mechanical engineering from the University of Bristol. He then pursued a career in accountancy, qualifying as a Chartered Accountant and earning his certification in corporate treasury management in 2001 and 2003 respectively. Mr. Hardy is also a Fellow of the Institute of Chartered Accountants in England and Wales.

Prior to returning to Trinidad, Mr. Hardy worked in internal audit with a major international company in the United Kingdom, where he engaged with senior managers in trade, finance and operations. He also worked in India conducting risk assessments, examining service level agreements and ensuring good corporate governance.

Upon his return to Trinidad, Mr. Hardy joined a locally owned hospitality business in 2007 as the Group Chief Financial Officer. Within two years, he was promoted to the position of Chief Operating Officer, a position which he held until he joined Prestige Holdings in 2014.

4 Martin de Gannes,

B.Sc., M.Sc., FICB, Director

Mr. de Gannes joined the Board after holding several executive Human Resource leadership positions in both local and global companies within Trinidad and Tobago over the past 35 years.

A former first-place winner of the Open National Scholarship in Modern Studies from St. Mary's College, his qualifications include a B.Sc., (Economics) and an M.Sc., (Industrial Relations) from The London School of Economics and Political Science, as well as a Fellow of the Institute of Canadian Bankers FICB (with Honours). He has also had the benefit of training in Management Development from Harvard Business School and Dispute Resolution Training from the University of Windsor, Canada.

Mr. de Gannes is a Board member of the Immortelle Vocational Centre, a member of the Registration, Recognition and Certification Board of T&T and a member of the Salaries Review Commission.

Board of Directors
-Continued

5 Rene de Gannes,
B.Sc. (Hons), Director

Mr. de Gannes is the General Manager, Kiss Baking Company Limited. A graduate of The University of the West Indies (B.Sc. Honours, Economics) in 1987, Mr. de Gannes has enjoyed success is the world of marketing communications and distribution and brings to the table a variety of leadership skills developed at both local and multinational organizations. He is also an avid sports enthusiast and serves as a member of the Fatima Old Boys Association.

6 Kurt A.A. Miller,
LL.B. (Hons), Director

Mr. Miller is the Managing Partner and Head of the Commercial Department of Fitzwilliam, Stone, Furness-Smith & Morgan. He joined the firm in 1986 and has been a partner since 1992. His areas of specialty are finance, banking, and corporate/commercial transactions. He has acted and continues to act for a broad range of local and international clients in the areas of commercial transactions, structured credit transactions, leverage lending transactions, sovereign and commercial bond issues, mergers and acquisitions, securitisation transactions and aviation transactions.

Mr. Miller is a graduate of the University of the West Indies (LL. B. Hons, 1984) and the Norman Manley Law School, Jamaica (Legal Education Certificate, 1986). He was admitted to practice in 1986 in Trinidad and Tobago and in 1991 in Jamaica. He has been consistently been recognised as a leader in Chambers Global, World's Leading Lawyers for Business since 2004.

7 Neil Poon Tip,
B. Comm., Director

A graduate of St Mary's University, Halifax, Canada with a Bachelor of Commerce degree with a major in Marketing, Mr. Poon Tip holds several leadership positions within the food and beverage industry in Trinidad and Tobago. He is the Managing Director of Universal Foods Limited and is a Director of Associated Brands (Investments) Limited as well as a number of family owned businesses. He is also a Director of Consolidated Biscuits Limited, Malta.

Mr. Poon Tip has served on a number of local public and private sector boards and is a past president of the Trinidad and Tobago Manufacturers Association (TTMA) and past vice president of the Trinidad and Tobago Chamber of Industry and Commerce (TTCIC).

STARBUCKS®

SERVING UP COFFEE AND SMILES, THE STARBUCKS WAY

Executive Team

1. Simon Hardy,
B.Eng., F.C.A.., C.A.,
Chief Executive Officer

2. Marlon Danglade,
F.C.C.A., C.A.,
Chief Financial Officer

3. Angela Laquis-Sobrian,
M.Sc. Human Resources
(Distinction)

4. Anthony Martins,
Vice President,
Market Development

5. Roger Rambharose,
B.Sc. (Hons.), F.C.C.A.,
Vice President, KFC

6. Rhea Singh,
M.Sc (Hons), B.Sc (Hons),
Vice President, TGI Fridays

7. Navin Maharaj,
B.Sc (Hons.), MBA,
Vice President, Pizza Hut

8. Devon Oudit,
B.Sc. Ind. Eng. (Hons.),
M.Sc. Ind. Eng., MBA (Distinction),
Vice President, Subway

9. Kerri Hosein-Khan,
B.Sc. Economics & Business
Management, Vice President, Starbucks

Executive Team
-Continued

1 **Simon Hardy,**
B.Eng., F.C.A., C.A., Chief Executive Officer

Mr. Hardy gained his formal education in the United Kingdom, having graduated with a bachelor's degree (Honours) in mechanical engineering from the University of Bristol. He then pursued a career in accountancy, qualifying as a Chartered Accountant and earning his certification in corporate treasury management in 2001 and 2003 respectively. Mr. Hardy is also a Fellow of the Institute of Chartered Accountants in England and Wales.

Prior to returning to Trinidad, Mr. Hardy worked in internal audit with a major international company in the United Kingdom, where he engaged with senior managers in trade, finance and operations. He also worked in India conducting risk assessments, examining service level agreements and ensuring good corporate governance.

Upon his return to Trinidad, Mr. Hardy joined a locally owned hospitality business in 2007 as the Group Chief Financial Officer. Within two years, he was promoted to the position of Chief Operating Officer, a position which he held until he joined Prestige Holdings in 2014.

2 **Marlon Danglade,**
F.C.C.A., C.A., Chief Financial Officer

Mr. Danglade joined Prestige Holdings Limited as Chief Financial Officer in 2007 from PricewaterhouseCoopers, where he held the position of Audit and Business Advisory Services Manager. He has over ten years of auditing and business advisory experience and has led a variety of external audit engagements within the financial, manufacturing, retailing and transportation industries.

Mr. Danglade is a Fellow of the Association of Chartered Certified Accountants of the United Kingdom (FCCA) and a member of the Institute of Chartered Accountants of Trinidad and Tobago (CA).

3 **Angela Laquis-Sobrian,**
M.Sc. Human Resources (Distinction), Post Graduate Diploma, Education (Distinction), B.A. (Hons.),
Vice President, Human Resources

Ms. Sobrian has over 15 years' experience in human resources management, specializing in the areas of strategic planning, performance management systems, training and organisational development, and compensation and benefits. Prior to joining Prestige Holdings Ltd., she served as the Human Resources Manager of a major organisation where she played an integral role in the strategic planning process and alignment of the performance management system with company goals and targets.

Ms. Sobrian holds a master's degree in human resources, with distinction, from the Arthur Lok Jack Graduate School of Business; a bachelor of arts degree with honours and a postgraduate diploma in education, with distinction, from the University of the West Indies. She has also been certified as a Compensation and Benefits Professional from the World @ Work organisation, based in the U.S. Ms. Sobrian has successfully completed several training programmes, locally and abroad, in areas such as management and leadership development, organisational change and strategic management.

4 **Anthony Martins,**
Vice President, Market Development

Mr. Martins joined Prestige Holdings Ltd. in 1978 as a Shift Supervisor at KFC St. James, our very first restaurant in Trinidad. Since then, he has held several positions including Area Manager, Research and Development Manager and Quality Assurance Manager. In 1991, he was promoted to Business Development Manager. This significant portfolio provided him with in-depth knowledge and experience in market mapping, market segmentation and site selection using world class methodologies.

Mr. Martins has attended extensive overseas training programmes covering operations, business development, quality assurance and research.

Executive Team
-Continued

5 **Roger Rambharose,**
B.Sc. (Hons.), F.C.C.A., Vice President, KFC

Mr. Rambharose has over 12 years senior functional experience both locally and internationally in finance, supply chain management, purchasing, sales and marketing across several industries. Prior to joining Prestige Holdings Limited, he held the post of Commercial Director of Unicomer (Trinidad) Ltd. and, before that, he was a senior executive at Kimberly Clark.

He holds a bachelor's degree (Honours) in management from the University of the West Indies with specializations in economics and finance. Roger is also Fellow of the Association of Chartered Certified Accountants of the United Kingdom (FCCA).

6 **Rhea Singh,**
M.Sc. (Distinction), B.Sc. (Hons), Vice President, TGI Fridays

Ms. Singh has over 16 years of progressive responsibility in the areas of business development, brand building, strategic planning and people development.

She has worked in the Fast Moving Consumer Goods (FMCG) business where she managed a diverse portfolio of local, regional and international consumer brands. During this time, she gained invaluable experience in distribution, business analytics, profit and loss improvements and formulating successful marketing campaigns. She also served as a Director on two boards within the Ansa McAL Group. Prior to this, she worked in the financial services sector with Western Union (US Outbound) in Florida.

She holds a bachelor's degree in sociology and management and a master's degree in marketing, with distinction, from the University of the West Indies. During her career, she also completed several leadership programmes in the areas of strategic management and organizational change and development.

7 **Navin Maharaj,**
B.Sc. (Hons.), MBA, Vice President, Pizza Hut

Mr. Maharaj has worked extensively with both multinational corporations and regional conglomerates in the Caribbean. He has worked in various positions across many departments including Quality, Supply Chain, Trade Marketing, Marketing and Sales.

Mr. Maharaj holds a bachelor's degree (double major) in both chemistry and biochemistry from the University of the West Indies and an MBA from Heriot-Watt University, specializing in international trade and finance.

8 **Devon Oudit,**
B.Sc. Ind. Eng. (Hons.), M.Sc. Ind. Eng., MBA (Distinction),
Vice President, Subway

Mr. Oudit has over 15 years of management experience, having served in a number of management positions in both the manufacturing and retail industries, including five years within Prestige Holdings Limited as the Operations Manager – KFC. Over his career, he has led teams in the fields of production, quality control, supply chain, warehousing

and planning as well as retail area management teams. He has had a particular focus on the integration of technology into business processes, including the implementation of automated robotics, forecasting tools and business analytics tools. He has also gained experience in the development and execution of a robust stewardship process to drive accountability and grow people capabilities.

He possesses a B.Sc. Industrial Engineering – UWI (1st Class), M.Sc. Industrial and Systems Engineering – Georgia Institute of Technology, MBA – Heriot-Watt University (Distinction). He also has achieved certification in manufacturing and logistics (Georgia Institute of Technology) and in project management (Project Management Institute). He is a former national scholarship (1997) and Fulbright scholarship (2001) recipient.

Executive Team
-Continued

9 **Kerri Hosein-Khan,**
B.Sc. Economics & Business Management, Vice President, Starbucks

Mrs. Hosein-Khan joined Prestige Holdings Limited as Internal Audit Manager in 2007 from EY - Risk Advisory Services team where she performed business process reviews and improvements, internal audits and forensic engagements across a multitude of industries both locally and regionally, spanning the energy sector to the financial services sector.

As Internal Audit Manager, she held oversight responsibilities for the improvement of risk management, governance and control systems. She was responsible for reporting on internal control performance and continuous evaluations and improvements to drive operational and financial efficiency across the Group's restaurants and restaurant support centre. Over her career, she has honed her skills at profit and loss management, process efficiency optimisation and building people capabilities.

She holds a bachelor's degree in economics and business from the University of the West Indies and during her career, she has completed several programmes in the areas of risk management, contract and procurement fraud and leadership and emotional intelligence.

Report of the Audit committee

The Group Audit Committee assists the Board in fulfilling its responsibility to oversee Management's implementation of financial reporting and risk management processes as set out in the Audit Committee Terms of Reference. In performing its work, the Committee considers the following: -

- Reliability and integrity of the accounting principles and practices.
- Internal audit functions.
- Risk management functions.
- Qualifications, independence and performance of the external auditors.
- The effectiveness of the system of controls and procedures.
- Compliance with legal and regulatory requirements.

The Committee has reviewed and discussed the quarterly unaudited results, the annual audited financial statements and the audit plan with the company's management and the external auditors.

The Committee met four (4) times for the year 2019.

The Audit Committee

Angela Lee Loy, Chairman
Kurt A. A. Miller
Rene de Gannes

Report of the Human Resource and Compensation Committee

The Human Resource and Compensation Committee comprises three non-executive directors of the Company.

This Committee supports the Board of Directors in matters of human resource policies and practices, including executive compensation structure and incentive programmes, monthly rated employees' salary levels/compensation programmes, changes to the executive organizational structure, executive medical examinations, and board compensation.

During the year, the Committee held three meetings and dealt with the following matters:

- Award of 2018 performance bonuses based on achievement of individual objectives for that year
- Approval of adjustments to management and general compensation for 2019
- Review of profit performance bonus structure and share based awards for 2020

Human Resource and Compensation Committee

Martin de Gannes, Chairman
Neil Poon Tip
Christian E. Mouttet

Corporate Governance and Nomination Committee Report

The Corporate Governance and Nomination Committee comprises three non-executive directors of the Company.

This Committee supports the Board of Directors in matters of corporate governance, including evaluations of the Board and individual directors, nomination of directors, mandates for sub-committees of the Board, structure and membership, code of ethics and conflicts of interest, performance evaluation of the Chief Executive Officer and executive succession planning.

During the year, the Committee held two meetings to evaluate the performance of the Board and dealt with the following matters:

- succession planning and term limits for directors
- board evaluations
- amendments to the mandate for the Committee and checklist
- Group vision
- return on invested capital for the Group
- best practice and structure for internal audit function

The Group is in compliance with the Trinidad and Tobago Corporate Governance Code.

Corporate Governance and Nomination Committee

Kurt A. A. Miller, Chairman
Christian E. Mouttet
Neil Poon Tip

Report of Directors

The Directors are pleased to present their report for the year ended 30 November 2019.

1. **CONSOLIDATED FINANCIAL RESULTS AND DIVIDENDS**

	$
Profits attributable to shareholders	35,819,714
Final net dividends for 2018 (paid 20 cents per common share)	(12,246,632)
Interim net dividends paid for 2019 (paid 12 cents per common share)	(7,352,288)
Retained profits for the year	16,220,794
Retained profits brought forward from prior year	252,221,130
Retained profits at end of year	268,441,924

2. **DIVIDENDS**

On 20 August 2019, an interim dividend of 12 cents per common share was paid to shareholders. On 27 February 2020, the Board of Directors recommended a final dividend of 20 cents per common share for the shareholders' approval at the Annual Meeting, which will bring the total dividends payable for the financial year 2019 to 32 cents. The final dividend will be paid on 18 May 2020 to shareholders whose names appear on the Register of Members on 7 May 2020.

3. **DIRECTORS**

The Directors as of 30 November 2019 were as follows:-
Christian E. Mouttet, Angela Lee Loy, Martin de Gannes, Kurt Miller, Rene de Gannes, Neil Poon Tip and Simon Hardy.

In accordance with paragraph 4.5 of the Company's By-Law No. 1, the terms of office of Martin de Gannes and Neil Poon Tip expire at the close of the Annual Meeting to be held on Tuesday 28 April 2020. Mr. de Gannes and Mr. Poon Tip, being eligible, offer themselves for re-election as Directors for the term from the date of their election until the close of the third Annual Meeting following their election, subject always to earlier termination under paragraph 4.8.1 of the Company's By-Law No. 1.

4. **AUDITORS**

The retiring auditors, Messrs. PricewaterhouseCoopers, have expressed their willingness to be re-appointed and are eligible for appointment as auditors of the Company.

Report of Directors

- Continued

5. **BENEFICIAL INTERESTS OF DIRECTORS, SENIOR OFFICERS AND THEIR CONNECTED PERSONS AND A LIST OF SUBSTANTIAL OR LARGEST INTERESTS.**

In accordance with the requirements of our listing agreement with The Trinidad and Tobago Stock Exchange Limited ("the TTSE") and Rule 601 of the Rules of the TTSE, we record hereunder details of the beneficial interest of each Director and Senior Officer together with their connected persons in the share capital of the Company as at the end of the Company's financial year 30 November 2019.

DIRECTORS

Director	Beneficial Interest	Options granted under Share Option Plan	No. Of Shares held by connected persons
Christian E. Mouttet	Nil	Nil	42,685,422
Angela Lee Loy	Nil	Nil	Nil
Simon Hardy	Nil	Nil	Nil
Kurt Miller	40,000	Nil	Nil
Martin de Gannes	Nil	Nil	Nil
Rene de Gannes	Nil	Nil	Nil
Neil Poon Tip	Nil	Nil	Nil

There are no other interests held by the Directors.

SENIOR OFFICERS

Senior Officer	Beneficial Interest	Options Granted Under	No. Of Shares held by connected persons
Marlon Danglade	Nil	Nil	Nil
Anthony Martins	79,996	Nil	Nil
Angela Sobrian	3,864	Nil	Nil
Navin Maharaj	Nil	Nil	Nil
Rhea Singh	Nil	Nil	Nil
Devon Oudit	Nil	Nil	Nil
Kerri Hosein-Khan	Nil	Nil	Nil
Roger Rambharose	Nil	Nil	Nil

Report of Directors

- Continued

SUBSTANTIAL INTEREST/LARGEST HOLDERS

In accordance with the requirements of our listing agreement with the TTSE and Rule 601 of the Rules of the TTSE, we list below those persons holding the ten (10) largest block of shares legally and beneficially in the Company as at the end of the Company's financial year 30 November 2019.

Shareholder	Legal Interest	Beneficial Interest
Victor E. Mouttet Limited	Nil	33,085,422
GNM Properties Limited	Nil	7,200,000
JMM Properties Limited	Nil	2,400,000
Employees Profit Sharing & Share Ownership Plan	Nil	1,465,655
Joseph P. Esau	Nil	1,200,000
Guardian Life of the Caribbean Limited	Nil	1,092,173
RBC Trust (Trinidad and Tobago) Limited – T964	Nil	1,083,852
Pelican Investments Limited	Nil	1,000,000
Scotiabank Trinidad and Tobago Limited Pension Fund Plan	Nil	742,270
RBC Trust (Trinidad and Tobago) Limited – T585	Nil	605,574

6. **DISCLOSURE OF INTEREST OF DIRECTORS AND OFFICERS IN ANY MATERIAL CONTRACT**

No director or officer of the Company is an officer or director of any company or has a material interest in any company which is a party to a material contract or proposed material contract with the Company.

The Directors wish to express their appreciation to the management and staff for the work done during the year and look forward to another exciting year.

By Order of the Board
Dated this 23rd day of March 2020

CHRISTIAN E. MOUTTET

MARLON DANGLADE

WE SINK OUR TEETH INTO EVERY CHALLENGE WITH A FRESH ATTITUDE

Management Discussion and Analysis

In 2019, the Trinidad and Tobago economy showed signs of recovery following the negative growth of 2018. Our performance in 2019 was a blend of recovery in our existing restaurants, particularly at KFC, Starbucks and Subway, combined with strong performances in the new restaurants that opened in the year.

We continue to drive traffic to all of our restaurants by creating different and aggressive menu options and have experienced sales growth across all of our brands. The sales growth improvements have been driven by improved restaurant operations as well as the expansion of the number of stores.

Our industry is people-based and historically is one with high turnover, which can negatively impact on the customer experience. However, we have seen improvements in this area as well as in attendance and punctuality. Important to the success of each of our brands is employee engagement. We have rolled out a series of programmes to help improve on this, and again we have seen notable improvements across most of our brands. This has also led to an improvement of our customers' experience.

In keeping with our long-term view of the business, we continue to invest in remodelling of existing restaurants, and in new locations and in expanding the footprint of most of our brands. Since acquiring the Starbucks brand, we have built nine restaurants as at the end of the 2019 financial year. We completed the development of a multi-brand complex at Trincity, which expanded our footprint and made more of our brands available to customers in East Trinidad.

FINANCIAL PERFORMANCE

FINANCIAL REVIEW HIGHLIGHTS

- Revenue for 2019 was $1.11 billion, representing an increase of $71 million or 7% over 2018 ($1.04 billion). Revenue was generated from an average number of 127 restaurants, compared with 124 restaurants in 2018.
- Operating profit before finance costs and income tax increased by 36%, from $43.8 million to $59.4 million.
- Finance costs were relatively flat when compared with the prior year, primarily driven by the effect of new borrowings ($44 million) coupled with reduction in short and long-term borrowing facilities ($47 million) during the financial year.
- Interest cover was 11.7 as against 8.6 in 2018.
- Profit after tax increased by 36%, from $26.4 million to $35.8 million.
- Return on capital employed increased from 12.8% to 16%.
- Return on invested capital increased from 9.7% to 12.2%.
- Earnings per share (EPS) increased by 36%, from 43.2 cents to 58.7 cents.
- Net debt-to-equity ratio improved from 9:91 to 4:96.
- Total assets increased by 6%, from $506 million to $535 million.
- Cash generated from operations increased by 55%, from $80 million to $124 million.
- The Group reinvested $64.7 million in capital expenditure in 2019, compared with $41.6 million in 2018.

Management Discussion and Analysis

- Continued

Revenue

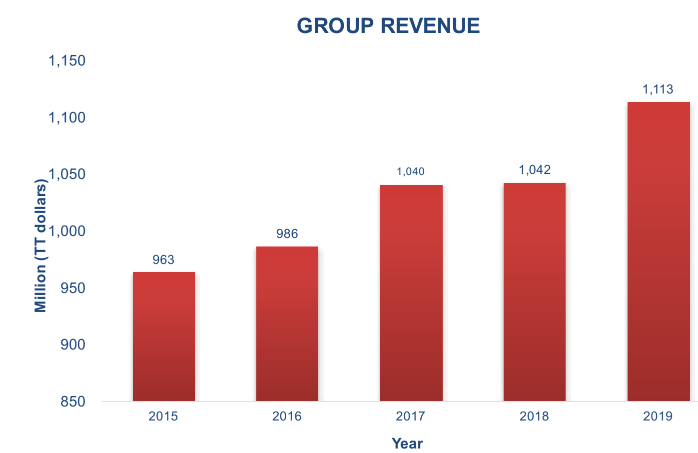
Revenue for the year increased by $71 million, representing a 7% increase over the previous year. This growth was attributable as follows:

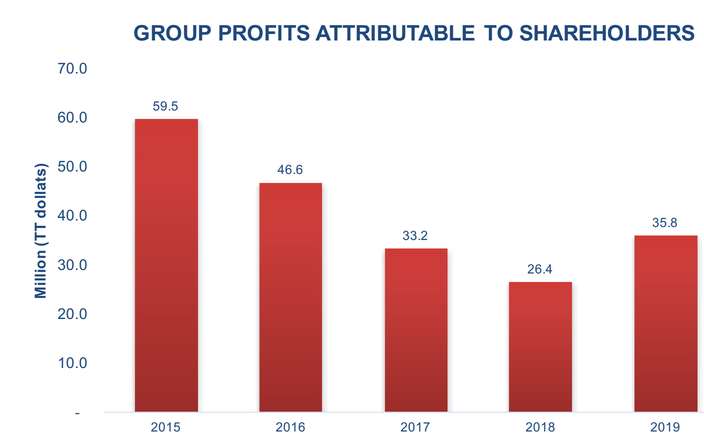
- KFC, Subway and Starbucks achieved revenue growth when compared with prior year.
- TGI Fridays™ Jamaica revenue in Trinidad and Tobago dollars was relatively flat when compared with prior year. In Jamaican dollars, revenue grew by 2%.
- Pizza Hut (excluding the results from the two new restaurants) achieved lower revenue than the prior year.
- TGI Fridays™ Trinidad (excluding the results from the new restaurant) achieved lower revenue than the prior year.

Trinidad and Tobago Operations

The restaurants' contribution (excluding administrative and finance costs) from our Trinidad and Tobago operations increased by 14% as compared to the prior year. This growth was attributable to the following:

- Revenue increased by 7%.
- Labour cost increased by 7%, driven primarily by improvement in staffing levels and the additional staff for the new restaurants.
- Restaurants' fixed costs (rent, depreciation and amortisation) increased by 3%. Rent was the major contributor to this increase, which included the effect of escalations and new restaurants' charges.
- Other restaurants' operating expenses increased by 5%, driven primarily by the effect of charges incurred for new restaurants.





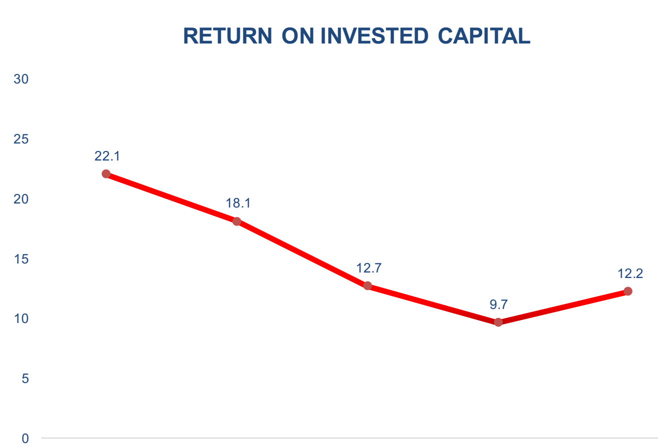
Management Discussion and Analysis
- Continued

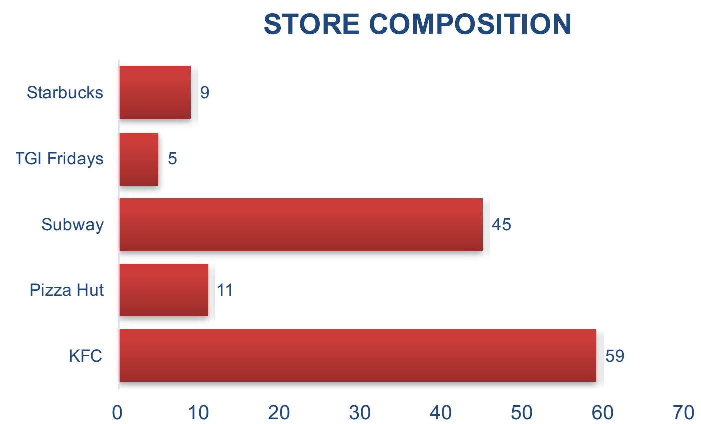
Administrative expenses increased by 2% when compared with the previous year. Some of the key drivers to this movement included:

- Foreign exchange losses incurred in the current year was $3.7 million (2018: $5.2 million).
- We continued to manage our third party storage, demurrage and other shipping charges, which decreased from $3.6 million to $0.74 million.
- The ESOP awards increased by $3.9 million, driven primarily by the remeasurement of the liability at the end of this financial year. The share price as at 30 November 2019 was $8.40 (2018: $7.35).

Overseas Operations — TGI Fridays™ Jamaica

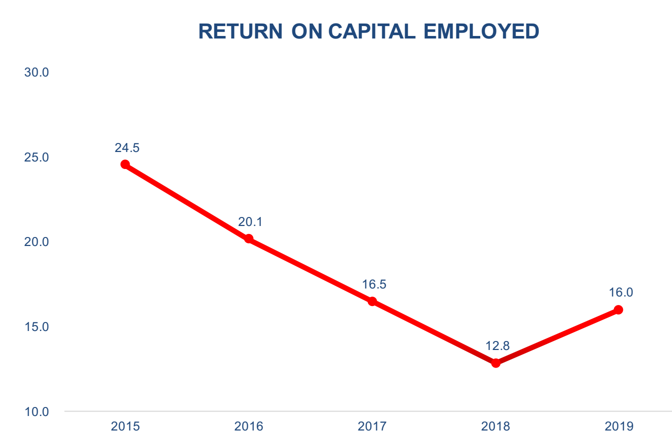
The TGI Fridays™ Jamaica operation generated a pre-tax profit of $1.6 million (2018: $1.8 million), driven by higher labour costs (full year impact of the 2018 minimum wage rate increase) and higher building and equipment maintenance costs.





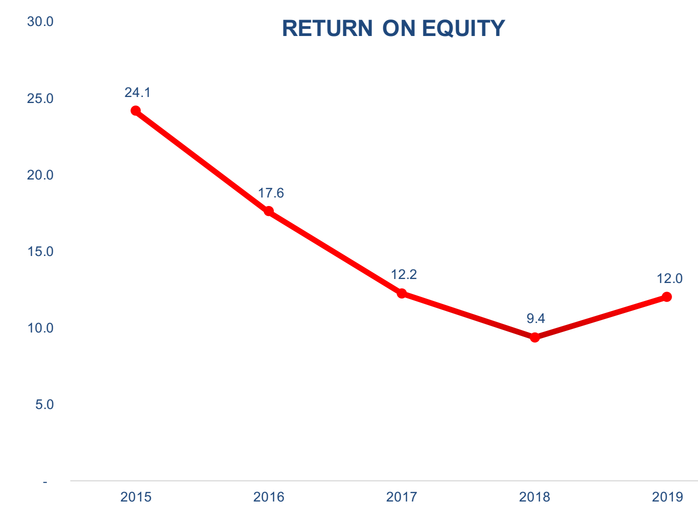
Capital Expenditure (including intangible assets)

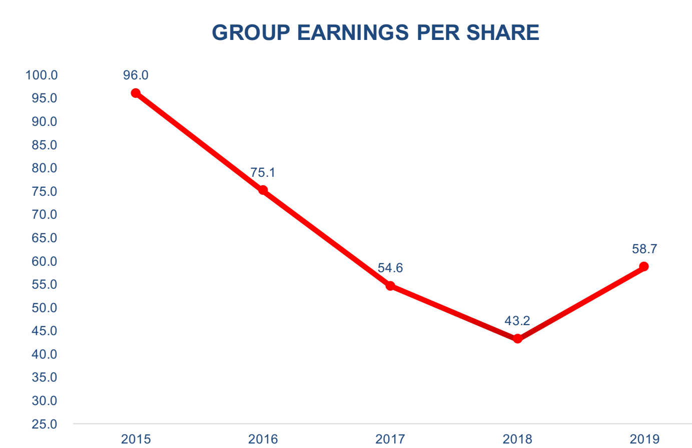
Capital expenditure (net of proceeds on disposal of assets) for the year totalled $67.3 million (2018: $45.9 million). In 2019, we deployed capital principally in our construction of new restaurants and remodelling projects.



Share Price

The Company's share price as at the close of trading on 30 November 2019 was $8.40, showing an increase of $1.05 from 30 November 2018. As at 28 February 2020, the Company's share price increased to $8.95.





Building People Capability

Our focus on people capability remained one of the major pillars upon which we built in order to achieve sustainable results. To reinforce this goal, the Company placed its emphasis on three main areas: leadership development, management bench planning and the realignment of the total compensation structure with the contributions of each brand's achievement of its pre-established financial goals and objectives.

The Company specifically targeted executives and middle managers for the first phase of the implementation of the leadership development Heartstyles programme in May 2019. Based on an in-depth evaluation of cognitive thinking and the attitudes that underpin what we say and do, the programme allowed leaders to gain insights into their own ineffective and effective behaviours. Through the 360-degree survey feedback, and the two days of training and coaching that accompanied it, the participants were able to see how others perceived their leadership behaviours when compared to their own perceptions. In so doing, the programme enabled leaders to find a greater sense of self-identification with the work that they do and adopt more effective leadership behaviours. While it is still relatively early to measure the impact of the Heartstyles programme, the Company has seen significant improvements in the key metrics of turnover, retention and employee engagement scores. This programme will be extended to all restaurant store managers in 2020.

Management bench planning was further strengthened by the extension of the online learning platform, which had commenced in 2018 targeted to all members of management. Online learning was fully implemented in 2019 to include all hourly paid team members. With results being tracked via the online portal, it became easier to identify potential bench candidates and to implement a supplementary plan for their development in line with their specific needs.

The total compensation structure for executive and above store level positions was also reviewed to more closely align compensation and rewards with brand performance and pre- established individual objectives to drive superior financial performance. These objectives were further reviewed during the course of the year to ensure continued relevance and alignment with targets. Store management employees continue to be measured against the KPIs of Customer, People, Sales and Profitability, as contained in the Balanced Scorecard.

The various initiatives conducted in 2019 allowed us to embrace our interdependence, surpass any preset limits on performance and actively collaborate as a team to better serve our stakeholders in 2020.

KFC

In 2019, KFC ended with strong results after a soft start to the financial year. Our recovery and growth have been driven by a series of value-driven marketing campaigns, innovative products and menu offerings, while executing exceptional consumer promotions and interactive marketing campaigns.

We have continued to invest in the KFC brand by building two new stores, taking our store count to 59. This again places KFC Trinidad as the most penetrated market in the world with 42 stores per million people. In addition, we have also refurbished seven of our stores in the new "Hand Made" brand image. The Hand Made design signifies the true essence of the KFC brand. It is a key pillar of our "Real Food, Real People" philosophy, reinforcing that all our products are handmade fresh every day by our dedicated staff, for the enjoyment of our customers nationwide.

Furthermore, we continued to invest in our fleet of new delivery motorbikes, and the hiring and training of riders, which has helped improve the speed of service, resulting in significant sales increases for this channel.

Our 2019 marketing initiatives continued to be unique and innovative, combining an exciting mix of new products, value initiatives, integrated campaigns, community and digital engagement to keep the brand relevant and young, while building the emotional connection between the brand and the consumers. KFC built on the previous success of the Low End category of our menu, and created the Boss Meal, which offered abundant value at an attractive price point of $39.95 and offers three pieces of chicken with one regular side and a 16 oz drink, along with the Big Deal at $29, which offers two pieces of chicken with one regular side and a 16 oz drink. We refreshed our Terrific Tuesdays offering with an amazing offer of nine pieces of chicken for $69. The Munch Pack Reloaded was introduced at the attractive price point of $19.95 and offers one piece of chicken with one regular side and a biscuit.

KFC strives to remain relevant to all segments of Trinidad and Tobago's multicultural society. Offers are designed to meet customer needs during the periods of Lent, Ramadan and Divali. We continue to respect all aspects of our culture as it is important to the fabric of KFC and, by extension, the nation.

In 2019, KFC Trinidad joined the Harvest program in collaboration with the Living Waters Community. The Harvest program is the world's first prepared food donation program and our restaurants donated more than 5,000 lbs of excess food in 2019. This has resulted in over

10,000 meals served to the homeless and other persons in need. KFC partnered with SEWATT and several Regional Corporations in providing over 3,500 meals to persons affected by flooding in 2019. In addition, we have sponsored a number of key social initiatives and NGOs, namely the Blind Welfare Association, Central Super League, Beetham Life Centers and several police youth clubs and religious institutions.

After 46 years in Trinidad and Tobago, KFC has formed a strong bond with our consumers, which we treasure deeply. We remain passionately committed to "Helping People Taste Happiness Every Day."

Pizza Hut

The Pizza Hut brand was first introduced in Trinidad and Tobago in 1994. We have been serving our loyal customers for over 25 years. In 2019 the brand opened another two Fast Casual Dining Stores in Couva and Trincity Plaza. These two new stores have brought the total number of stores to 11 in this market. The brand enjoyed mixed results in 2019 with improvements in food safety and customer service while being challenged to grow sales. The brand embarked on some key strategies in the fourth Quarter of 2019 to improve our competitiveness in 2020 and beyond. These strategies include a complete menu review and re-engineering to improve our value proposition to make the brand an Everyday Brand.

Speed and taste are a key focus of the brand and we implemented several initiatives to drive improvements in these areas. These included the launch of our Speed and Taste workshops designed to assist the operations team, in particular the general managers. They discovered opportunities within their store that can improve their product taste and speed of service offered to customers across all channels. The major tool developed during this workshop was the Success Routines. These tools have been rolled out to all stores and have formed a major part of the daily operations. Our ability to provide great tasting pizzas in a food-safe environment was further enhanced by this tool.

Building a global brand requires committed employees who are driven. To ensure our employees continue to be highly motivated, the team launched the Learning Zone. This is an online assessment tool designed by the Franchisor to ensure our employees are certified. This initiative has yielded positive results, with all general managers certified in 2019. This program was also launched in 2019 for all team members, using computer tablets to access the program. To support our employees and improve our consistency on product and service, we also promoted current team members to the position of in-store trainers. This program, in conjunction with Learning Zone, will position the brand well. To support the expansion of the brand, we have also increased the number of persons in the operations team. This will lead to improved focus on operations and our people across the stores. The brand also supported major groups in 2019 with flood relief in Penal, as well as sponsorship of the Decibel School Tour. This tour was designed to empower young adults across most secondary schools with key information to start their careers. In 2019 the brand was challenged in many ways, including increased competition. The Pizza Hut team, in 2020, will continue to grow this great brand for the love of pizza and our people.

TGI Fridays™

This was a year of transformation for the brand; after 13 years we opened our fourth restaurant in Trinidad in the Trincity area. This new restaurant opened on the 11th March 2019 and was built using the latest TGI Fridays™ International P12 design concept. In fact, following Brazil and Costa Rica, we were the third country in the Americas region to launch with this newly evolved model.

In addition to our stunning restaurant design, we also elevated our food and beverage menus across all our other restaurants in Trinidad and Jamaica by staying true to the brand promise of offering innovative menu items and distinctive cocktails to our guests.

We executed several successful promotions, including Cinco de Mayo; Chefs Special Menu; a re-launched Happy Hour; participation in Restaurant Week and Live DJ Fridays — all of which revolved around offering our guests a combination of high quality, hand-crafted food and drink at an unbeatable price point.

Ongoing improvements in providing exceptional guest experiences remains a key focus area for the brand. This commitment to operational excellence had all team members engaged in refresher training sessions in all areas of operations, including Food Safety, Fridays Service Style and Best Corner Bar in Town training. Recognising that our people are at the heart of what we do, we also had a special session for our entire team to reconnect with each other and the brand.

Even though the brand is known for being fun, we are very serious about positively impacting the communities we serve through our social initiatives. Each year our Autism Awareness Campaign grows in momentum and continues to successfully shine a light on autism awareness in Trinidad. We also continued with our Annual Charity Christmas Box Project, which is championed by our team members at our restaurants and is used to share a little bit of Fridays in the hearts and homes of many less fortunate families.

In our dynamic economic environment, we are committed to constantly re-tooling our product and service to surpass our guest expectations, while remaining true to the brand promise of "In Here, it's Always Friday".

Subway

Brand rejuvenation continued as a running theme in 2019 for Subway. The focus was on product enhancement, menu offerings, training and profitability. New options and were added and some removed. Two restaurants were closed and one was renovated. A new item was launched as a limited time offer (LTO). All staff were trained in restaurant excellence, and social media played a major part in guest engagement. The year started with a gift to guests: the removal of the gourmet bread upcharge. This coincided with the launch of a new way to enjoy a sub — as a Panini. Later in the year, guests were introduced to a new bread type; the Ciabatta option. Additional changes to add-ons included the removal of olives and jalapenos and the addition of corn as an extra. New product introductions were the new Vegan patty and a limited-time Chickpea Quinoa sub and the Pit-Smoked BBQ Chicken — also for a limited time.

Guest activations and promotions included a new shareable offer — SUBlime — which was used as the basis for a consumer promotion — more than 100 guests were rewarded over the July–August holidays. A $5 Meal Deal and World Sandwich Day — FREE 6" with the purchase of a FOOTLONG — were also executed.

Social media listening and engagement was a key tool in 2019; the medium was used to listen and react quickly to feedback and activate campaigns, promotions and surprise rewards.

Two restaurants, Long Circular Mall and Hart St., were closed in 2019, leaving the restaurant count at 45 at year-end. One location, Valsayn, was relocated and renovated with the new Fresh Forward design.

The Restaurant Excellence Workshop was a major undertaking in 2019 with an estimated 600 persons being trained in operations, customer service and other basics of running a shift.
Sponsorships and corporate initiatives continue to be a part of the brand's activation calendar. Sporting activities were the focus of sponsorships: the Subway Boom Burnout; the Subway Maracas Open Water Swim; the Subway Junior Tennis Tournament; Subway River Raid and Trail Run; and involvement in various duathlons, triathlons and 5Ks. CSR initiatives included partnerships with the Cancer Society, Living Waters, St. Dominic's Children's Home, Kidney Recipients Support Group, Gift for Life Foundation and involvement in flood relief efforts in Bamboo and parts of south Trinidad.

2019 was a settling year for the brand and Team Subway is ready to take advantage of new and exciting opportunities that are ahead.

Starbucks

This year, we celebrated our three-year anniversary in Trinidad and Tobago on August 28th, 2019 and commemorated the occasion with complimentary cups of our Starbucks Anniversary Blend, which featured aged Indonesian coffee beans, for all our customers.

During this third year of operation, we built out two additional stores, bringing our total store count to nine over the last three years. We increased our presence in east Trinidad by adding our eighth store in February 2019 at the newly constructed and ideally located Trincity Plaza. This store is located just opposite the Trincity Mall and features a Drive-Thru for convenience. We also widened our presence in central Trinidad by entering the town center of Couva in August 2019 with our ninth store. Our Couva store also features a convenient Drive-Thru, allowing us the title of having the most Drive-Thru Starbucks stores in the English-speaking Caribbean.

As we continue to make the brand accessible throughout the island, we have simultaneously been able to attract the best talent by remaining focused on having people at our core. This has allowed us to recruit and train partners who possess the ideal talent and positive behaviors. As a result, we are able to provide genuine moments of connection among our partners and our diverse and growing customer base.

In June 2019, we held our annual Barista Championships Finals; the winner represented the market at the Latin American Regional Barista Championship at the Starbucks-operated Hacienda Alsacia Coffee Farm in Costa Rica. The competition has encouraged and

Management Discussion and Analysis
- Continued

inspired fellow baristas to practice their craft, share coffee knowledge and build team spirit in preparation for participation in this illustrious global competition. It has also afforded us the unique opportunity to develop and enhance the coffee culture in the market through our baristas.

As we continue to focus on the communities in which we operate, our partnership continues to grow with the Gift for Life Foundation, through which we added three children's homes — Raffa House, the Margaret Kistow Home and the Couva Children's Home — to our family network. During this year, we engaged in fun activities with the children, hosted and treated all the homes to book readings with our baristas and local authors, games/sporting sessions and magic shows.

Our support drive culminated with our second annual 5K charity fun run in September 2019. We had an overwhelming response to the race and support grew from 800 persons in 2018 to over 1,100 in 2019. The funds raised went directly to the purchase of needed appliances, clothing and furniture for the various homes.

Our story always starts and ends with coffee; this year we got to travel to exotic locations through coffee with our coffee passport. We enjoyed Ahuachapàn from El Salvador with the sweet citrus and hints of mint, Kopelani from Hawaii with rich flavors of caramel, and Minas Gerais from Brazil, with its milk chocolate body and delightful nutty texture. All are ethically sourced and made from the finest arabica beans.

We remain committed to bringing our Starbucks Mission to our Trinidad and Tobago customers: "To Inspire and Nurture the Human Spirit — One Person, One Cup, and One Neighborhood at a Time."

IT'S BEEN LOVE AT FIRST BITE

A BITE SIZE LOOK BACK AT 2019


SUBWAY


SUBWAY


DOUBLE
DUNK
KFC


DOUBLE DOWN


KFC
Digicel
GRAND OPENING


WORLD FAMOUS CHICKEN EXPERTS


NEW MENU


SPIN AGAIN
FREE DESSERT
20% OFF NEXT


Pizza Hut
PIZZA


PM
PERCEPTION MANAGEMENT

Financials

WE TOOK A BIG BITE OUT OF OUR EXPENSES

A breakdown of 2019 in numbers

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 balance sheet as at 30 November 2019, and the consolidated income statement – by function of expense, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

Chief Executive Officer
27 February 2020

Chief Financial Officer
27 February 2020

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 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Prestige Holdings Limited's consolidated financial statements comprise:

- the consolidated balance sheet as at 30 November 2019;
- the consolidated income statement - by function of expense for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

Basis for opinion

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

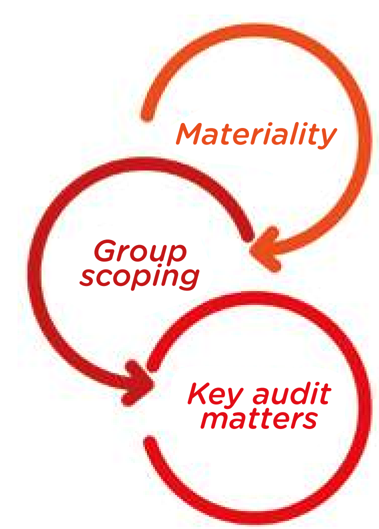
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our audit approach

Overview



- Overall group materiality: $2,174,000, which represents 4% of profit before tax.

- The Group consists of the Company and four wholly owned subsidiaries.
- A full scope audit was performed on the Company and specified procedures were performed over select balances at certain other components including property, plant and equipment, cash and cash equivalents and trade and other payables.
- The Group audit resulted in coverage of 98% of profit before tax and 98% of total assets.

- Impairment of goodwill and indefinite life intangible assets of acquired businesses.

Audit scope

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

How we tailored our group audit scope

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

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

A full scope audit was performed on the Company. We also performed specified procedures over the following financial statement line items for other components:

- Weekenders Trinidad Limited – property, plant and equipment, cash and cash equivalents, trade and other payables, revenue, cost of sales, other operating expenses, administrative expenses and income tax expense.
- Restaurants Leasing Corporation Limited – property, plant and equipment and goodwill.

All other components were considered financially inconsequential.

The PwC Trinidad and Tobago engagement team was the auditor for the Company and performed the specified procedures over certain balances of the other components.

Materiality

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

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

Overall group materiality	$2,174,000
How we determined it	4% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 4% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $217,000, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and indefinite life intangible assets of acquired businesses *Refer to notes 2(f), 2(g), 4 and 6 to the consolidated financial statements for disclosures of related accounting policies and balances.* Intangible assets stated on the Group's consolidated balance sheet consist of $24.8 million of goodwill, of which $6.2 million relates to Weekenders Trinidad Limited and $18.6 million relates to the Subway business as well as $56.5 million of other deferred costs, which includes $40.8 million of franchise agreement assets relating to the Subway business. Goodwill and intangible assets with an indefinite useful life are assessed for impairment annually by management or whenever there is an impairment indicator. Goodwill is allocated to the Weekenders Trinidad Limited and Subway businesses as Cash Generating Units (CGUs) identified by management as the lowest level of operations for which there are separately identifiable cash flows. In performing the impairment assessment, management determines the recoverable amount using discounted cash flows to determine the value-in-use. This involves subjective judgements in relation to forecasting future cash flows and is sensitive to growth rates and discount rates applied to the future cash flows with the key assumptions being: • Revenue growth rates • Gross margins • Weighted average cost of capital ("WACC")	We considered the method used by management to perform their annual impairment assessment for goodwill and intangible assets with an indefinite useful life for each CGU and found it to be appropriate based on the requirements of the accounting standards. We tested management's assumptions used in their impairment testing model for goodwill and other intangible assets, including the future cash flow projections, discount rates and growth rates applied. The following procedures, amongst others, were performed: • we obtained management's discounted cash flow model (DCF) including qualitative and quantitative analyses and obtained an understanding of the process used by management to determine the recoverable amount of the acquired businesses • we agreed and tested the mathematical accuracy, including verifying spreadsheet formulae, of the DCF model • we agreed the 30 November 2019 base year financial information to the current year results • we verified management's assumptions as follows: ➢ ***Revenue growth rates*** - we evaluated management's assumptions for each of its planned initiatives for the next 5 years, including considering any contrary evidence. We also assessed the historical revenues of similar businesses operated by management in comparable circumstances.

Key audit matter	How our audit addressed the key audit matter
Management executed on a number of planned strategies during the year and these initiatives will continue to be implemented in 2020. They include: • Continuous re-engineering of the menu across both businesses with the support of one of the franchisor's Regional team. This includes adding new products, combo offerings and time-based promotions; • Maximising on operational efficiencies. This includes more stringent monitoring of controls to realize cost savings and the implementation of new systems to aid cost containment initiatives and improved operations at the store level; and • Adding to the stores management team to help drive initiatives and improve operational execution. We focused our attention on this area due to the material nature of the balances and the inherent subjectivity in forecasting future financial performance.	➢ ***Gross margins*** - we compared gross margins to historical results, reconciling variances to underlying supporting data and current period results, assessed management's plans for achieving operational efficiencies and evaluated the projected gross margins in conjunction with our assessment of revenue growth rates outlined above. ➢ ***WACC & Terminal Value*** – we assessed certain inputs within the WACC calculation, including the cost of equity and terminal value and found them to be reasonable. We developed a range of parameters using available market inputs and performed sensitivity analyses using these parameters to determine the reasonableness of management's estimate. Further, we: • considered subsequent events and any associated impact on the entity's cash flows and forecast; • performed further sensitivity analysis by looking at changes of 50 basis points in management's revenue growth rates and gross margins in addition to that performed over the WACC described above; • tested disclosures around sensitivities contained in Note 4 to the consolidated financial statements. Based on the procedures performed, we found the assumptions to be consistent and in line with our expectations and no impairment provision was identified.

Other information

The directors are responsible for the other information. The other information comprises the Prestige Holdings Limited 2019 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.

Other information (continued)

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

When we read the Prestige Holdings Limited 2019 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

Independent Auditor's Report (continued)

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

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, related safeguards.

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

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

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
28 February 2020

Consolidated Balance Sheet

(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 30 November 2019 $	2018 $
Assets			
Non-current assets			
Property, plant and equipment	5	298,095,365	278,231,287
Intangible assets	6	81,323,099	80,744,956
		379,418,464	358,976,243
Current assets			
Inventories	9	58,328,632	57,982,411
Trade and other receivables	10	26,544,919	31,514,477
Current income tax assets		6,134,307	6,650,814
Cash and cash equivalents	11	64,290,186	50,381,260
		155,298,044	146,528,962
Total assets		534,716,508	505,505,205
Equity and liabilities			
Equity attributable to owners of the parent company			
Share capital	12	23,759,077	23,759,077
Other reserves	13	26,694,552	24,445,927
Retained earnings		268,441,924	252,221,130
		318,895,553	300,426,134
Treasury shares	14	(10,937,742)	(11,284,401)
Total equity		307,957,811	289,141,733
Liabilities			
Non-current liabilities			
Borrowings	15	61,100,000	49,000,000
Deferred income tax	8	426,851	1,000,619
Other payables	16	2,033,813	1,539,533
		63,560,664	51,540,152
Current liabilities			
Trade and other payables	16	136,843,560	127,294,905
Borrowings	15	15,933,333	30,998,250
Due to related parties	17	6,163,760	6,067,326
Current income tax liabilities		4,257,380	462,839
		163,198,033	164,823,320
Total liabilities		226,758,697	216,363,472
Total equity and liabilities		534,716,508	505,505,205

The notes on pages 68 to 96 are an integral part of these consolidated financial statements.

On 27 February 2020, the Board of Directors of Prestige Holdings Limited authorised these consolidated financial statements for issue.

Director Director

Consolidated Income Statement - by function of expense

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 November 2019 $	2018 $
Revenue	18	1,112,933,070	1,042,386,301
Cost of sales	19, 20	(738,483,024)	(692,702,863)
Gross profit		374,450,046	349,683,438
Other operating expenses	20	(234,965,561)	(226,821,534)
Administrative expenses	20	(82,658,949)	(80,991,234)
Other income		2,602,212	1,895,800
Operating profit		59,427,748	43,766,470
Finance costs	21	(5,069,297)	(5,071,206)
Profit before income tax		54,358,451	38,695,264
Income tax expense	22	(18,538,737)	(12,324,849)
Profit for the year		35,819,714	26,370,415
Profit attributable to:			
Owners of the parent company		35,819,714	26,370,415
Earnings per share attributable to the equity holders of the parent company			
- Basic earnings per share (exclusive of treasury shares)	23	58.7¢	43.2¢
- Diluted earnings per share	23	57.7¢	42.5¢

The notes on pages 68 to 96 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 November 2019 $	2018 $
Profit for the year		35,819,714	26,370,415
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to profit or loss			
Gain on revaluation of land	13	2,450,000	6,540,000
Currency translation differences	13	(201,375)	(91,665)
Total comprehensive income for the year		38,068,339	32,818,750
Attributable to:			
Owners of the parent company		38,068,339	32,818,750

The notes on pages 68 to 96 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Notes	Share capital $	Other reserves $	Retained earnings $	Total $	Treasury shares $	Total equity $
Balance at 1 December 2017		23,759,077	17,997,592	245,319,430	287,076,099	(13,006,606)	274,069,493
Comprehensive income							
Profit for the year		--	--	26,370,415	26,370,415	--	26,370,415
Other comprehensive income/(loss)							
Revaluation surplus	13	--	6,540,000	--	6,540,000	--	6,540,000
Currency translation differences	13	--	(91,665)	--	(91,665)	--	(91,665)
Total comprehensive income for the year		--	6,448,335	26,370,415	32,818,750	--	32,818,750
Transactions with owners							
Sale of treasury shares	14	--	--	--	--	1,722,205	1,722,205
Net dividends for 2017							
- Paid – 20 cents per share		--	--	(12,150,584)	(12,150,584)	--	(12,150,584)
Net dividends for 2018							
- Paid – 12 cents per share		--	--	(7,318,131)	(7,318,131)	--	(7,318,131)
Total transactions with owners		--	--	(19,468,715)	(19,468,715)	1,722,205	(17,746,510)
Balance at 30 November 2018		23,759,077	24,445,927	252,221,130	300,426,134	(11,284,401)	289,141,733

The notes on pages 68 to 96 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity (continued)

(Expressed in Trinidad and Tobago Dollars)

	Notes	Share capital $	Other reserves $	Retained earnings $	Total $	Treasury shares $	Total equity $
Balance at 1 December 2018		23,759,077	24,445,927	252,221,130	300,426,134	(11,284,401)	289,141,733
Comprehensive income							
Profit for the year		--	--	35,819,714	35,819,714	--	35,819,714
Other comprehensive income/(loss)							
Revaluation surplus	13	--	2,450,000	--	2,450,000	--	2,450,000
Currency translation differences	13	--	(201,375)	--	(201,375)	--	(201,375)
Total comprehensive income for the year		--	2,248,625	35,819,714	38,068,339	--	38,068,339
Transactions with owners							
Transfer of treasury shares	14	--	--	--	--	346,659	346,659
Net dividends for 2018							
- Paid – 20 cents per share		--	--	(12,246,632)	(12,246,632)	--	(12,246,632)
Net dividends for 2019							
- Paid – 12 cents per share		--	--	(7,352,288)	(7,352,288)	--	(7,352,288)
Total transactions with owners		--	--	(19,598,920)	(19,598,920)	346,659	(19,252,261)
Balance at 30 November 2019		23,759,077	26,694,552	268,441,924	318,895,553	(10,937,742)	307,957,811

The notes on pages 68 to 96 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 November 2019 $	2018 $
Cash flows from operating activities			
Cash generated from operations	26	123,712,078	79,811,759
Interest paid	21	(5,069,297)	(5,071,206)
Income tax paid		(14,820,055)	(16,553,058)
Net cash generated from operating activities		103,822,726	58,187,495
Cash flows from investing activities			
Purchase of intangible assets	6	(3,198,252)	(5,658,511)
Purchase of property, plant and equipment	5	(64,739,536)	(41,553,528)
Proceeds from disposal of property, plant and equipment		587,825	1,281,667
Net cash used in investing activities		(67,349,963)	(45,930,372)
Cash flows from financing activities			
Disposal of treasury shares	14	--	1,722,205
Proceeds from borrowings		44,000,000	40,795,800
Dividends paid to shareholders		(19,598,920)	(19,468,715)
Repayment of borrowings		(46,964,917)	(41,297,550)
Net cash used in financing activities		(22,563,837)	(18,248,260)
Net increase/(decrease) in cash and cash equivalents		13,908,926	(5,991,137)
Cash and cash equivalents			
At start of year		50,381,260	56,372,397
At end of year	11	64,290,186	50,381,260

The notes on pages 68 to 96 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

30 November 2019
(Expressed in Trinidad and Tobago Dollars)

1 General information

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

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

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

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

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

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

2 Summary of significant accounting policies

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

a. *Basis of preparation*

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

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

(i) *Changes in accounting policies and disclosures*

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

The Group has applied the following standards, amendments and interpretations for the first time for the financial year beginning 1 December 2018:

- IFRS 9 'Financial Instruments': This standard replaces the guidance in IAS 39 'Financial Instruments'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures; accordingly, all comparative information is presented in accordance with the Group's previous accounting policies as indicated below. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings of the current period.

  As a result of the application of IFRS 9, the Group changed the accounting policies outlined below, and these new policies were applied from 1 December 2018. The adoption of IFRS 9 has resulted in changes in the accounting policy for recognition, classification and measurement of financial assets and financial liabilities

2 Summary of significant accounting policies (continued)

a. *Basis of preparation* (continued)

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

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

and impairment of financial assets, the details of which are outlined in Note 2 i and 2 k. There was no impact to the carrying amounts of financial assets and liabilities at the date of the initial application.

- IFRS 15 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts' and related interpretations.

  The adoption of IFRS 15 has resulted in changes in the accounting policy disclosed in the financial statements. Details of the new accounting policy in relation to IFRS 15 and the impact on the consolidated financial statements on adoption of the new standard are outlined in Note 2.t.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 December 2018, and have not been applied in preparing these consolidated financial statements. The Group has assessed the impact of these as follows:

- IFRS 16 'Leases' (effective 1 January 2019) eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements will be that certain of the Group's leased assets and a corresponding liability will need to be reflected on the consolidated balance sheet. The Group is currently assessing the impact of IFRS 16.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', applies to accounting for uncertain income tax treatments.

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

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

b. *Consolidation*

(i) *Subsidiaries*

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

2 Summary of significant accounting policies (continued)

b. *Consolidation* (continued)

(i) *Subsidiaries* (continued)

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

(iii) *Disposal of subsidiaries*

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

c. *Segment reporting*

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

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.

2 Summary of significant accounting policies (continued)

d. *Foreign currency translation* (continued)

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

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

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

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

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

e. *Property, plant and equipment*

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

30 November 2019
(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

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

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

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

f. *Intangible assets*

(i) *Goodwill*

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

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

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

(ii) *Franchise agreements – ongoing operations*

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

(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 ranges from ten to twenty years. There are no renewal fees upon the expiration of the initial franchise period for the Subway franchise.

(iv) *Development rights*

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

g. *Impairment of non-financial assets*

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

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

2 Summary of 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 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*

Financial assets under IFRS 9 - from 1 December 2018

(i) *Classification*

From 1 December 2018, the Group classifies its financial assets as those measured at amortised cost (Note 10).

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 and measurement*

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, in the case of a financial asset not at fair value through profit or loss (FVPL), the transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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

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

There were no changes to the measurement of financial assets and liabilities with the application of IFRS 9.

Accounting policy applied until 30 November 2018

(i) *Classification*

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

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

j. *Offsetting financial instruments*

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

2 Summary of significant accounting policies (continued)

k. *Impairment of financial assets*

Impairment of financial assets under IFRS 9 - from 1 December 2018

From 1 December 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

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

Accounting policy applied until 30 November 2018

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

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

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

The Group first assesses whether objective evidence of impairment exists.

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

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

l. *Inventories*

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

m. *Trade receivables*

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

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

2 Summary of significant accounting policies (continued)

n. *Cash and cash equivalents*

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

o. *Share capital*

Ordinary shares with discretionary dividends are classified as equity.

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

p. *Trade payables*

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

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

q. *Provisions*

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

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

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

r. *Employee benefits*

(i) *Pension obligations*

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

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

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

2 Summary of significant accounting policies (continued)

s. *Current and deferred income tax*

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

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

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

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

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

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

t. *Revenue recognition*

Revenue recognition under IFRS 15 - from 1 December 2018

The Group operates a chain of restaurants selling food items. Revenue from sale of goods is recognised when control of the products has 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.

Under IFRS 15, this approach has not resulted in any significant change in the Group's timing of revenue recognition.

Accounting policy applied until 30 November 2018

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

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

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

u. *Borrowings*

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised

2 Summary of significant accounting policies (continued)

u. *Borrowings* (continued)

as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

v. *Dividend distribution*

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

w. *Leases*

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

x. *Royalty expense*

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

y. *Fair value estimation*

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

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

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

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

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

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

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.

Notes to the Consolidated Financial Statements (continued)

30 November 2019
(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

a. *Financial risk factors* (continued)

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

(i) *Market risk*

(a) *Foreign exchange risk*

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

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

As at 30 November 2019, the US dollar obligation in TT dollars arising mainly from foreign inventory suppliers and royalties payable was $46,113,730 (2018: $49,845,163). The US dollar loan outstanding in the prior year was fully repaid (2018: TT$16,998,250). If the currency had weakened/strengthened by 7% against the US dollar with all other variables held constant, post-tax profits for the year would have been $2,259,573 (2018: $2,313,034) lower/higher, mainly as a result of foreign exchange losses/gains on translation of US dollar-denominated trade payables and accruals. For the US dollar loan, this would have amounted to $Nil (2018: $788,725).

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

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

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

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

The Group's exposure to cash flow interest rate risk arises from the variable interest rate on a TT dollar loan taken during the year, repayable in 15 years. The US dollar short term loan outstanding in the prior year was fully repaid.

	2019		**2018**	
	$	**%**	**$**	**%**
Variable rate borrowings	28,033,333	36	16,998,250	21
Other borrowings – fixed rate	49,000,000	64	63,000,000	79
	77,033,333	100	79,998,250	100

As at 30 November 2019, the variable rate borrowing obligation was $28,033,333 with an interest rate of 5.5%, to be reset every three years. 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 $46k (2018: $12k). 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 $51k (2018: $20k).

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

3 Financial risk management (continued)

a. *Financial risk factors* (continued)

(i) *Market risk* (continued)

(c) *Price risk*

The Group's exposure to price risk arises from remeasurements of the ESOP liability at each balance sheet 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 $941k (2018: $718k).

(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 recognized.

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 both 2018 and 2019.

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

(iii) *Liquidity risk*

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

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

Notes to the Consolidated Financial Statements (continued)

30 November 2019
(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

a. *Financial risk factors* (continued)

(iii) *Liquidity risk* (continued)

	6 months or less $	6 to 12 months $	1 to 5 years $	Over 5 years $	Total $
At 30 November 2019					
Borrowings - third party	10,216,067	9,978,561	48,840,561	25,277,426	94,312,615
Due to related parties	6,163,760	--	--	--	6,163,760
Trade and other payables, excluding statutory liabilities	121,468,608	--	2,033,813	--	123,502,421
	137,848,435	9,978,561	50,874,374	25,277,426	223,978,796
At 30 November 2018					
Borrowings - third party	26,203,206	8,695,313	54,742,187	--	89,640,706
Due to related parties	6,067,326	--	--	--	6,067,326
Trade and other payables, excluding statutory liabilities	115,600,201	--	1,539,533	--	117,139,734
	147,870,733	8,695,313	56,281,720	--	212,847,766

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 (including 'current and non-current borrowings' as shown in the consolidated balance sheet) and bank overdraft less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

	2019 $	2018 $
Net debt	12,743,147	29,616,990
Total equity	307,957,811	289,141,733
Total capital	320,700,958	318,758,723
Net debt to equity ratio	3.97%	9.29%

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

3 Financial risk management (continued)

b. *Capital risk management* (continued)

Net debt reconciliation

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

	2019 $	2018 $
Cash and cash equivalents	64,290,186	50,381,260
Borrowings – repayable within one year	(15,933,333)	(30,998,250)
Borrowings – repayable after one year	(61,100,000)	(49,000,000)
Net debt	(12,743,147)	(29,616,990)
Cash and cash equivalents	64,290,186	50,381,260
Gross debt – fixed interest rates	(49,000,000)	(63,000,000)
Gross debt – variable interest rates	(28,033,333)	(16,998,250)
Net debt	(12,743,147)	(29,616,990)

	Cash $	Borrowings due within 1 year $	Borrowings after 1 year $	Total $
Cash flows	(27,876,392)	--	14,000,000	(13,876,392)
Net debt as at 30 November 2017	56,372,397	(14,000,000)	(66,500,000)	(24,127,603)
Cash flows	(5,991,137)	(16,998,250)	17,500,000	(5,489,387)
Net debt as at 30 November 2018	50,381,260	(30,998,250)	(49,000,000)	(29,616,990)
Cash flows	13,908,926	15,064,917	(12,100,000)	16,873,843
Net debt as at 30 November 2019	64,290,186	(15,933,333)	(61,100,000)	(12,743,147)

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 6. If the growth rate for year 1 worsened by 0.5% with all other variables held constant, the Group would have had to recognise an impairment charge of $1,278,935 (2018: nil) against goodwill. If the growth rate for years 2 to 5 worsened by 0.5% with all other variables held constant, the Group would have had to recognise an impairment charge of $7,922,416 (2018: $5,480,025) against goodwill. If the average gross margin worsened by 0.5% with all other variables held constant, the Group would have had to recognise an impairment charge of $212,078 (2018: nil) against goodwill. If the weighted average cost of capital was higher by 0.5% with all other variables held constant, the Group would have had to recognise an impairment charge of $2,302,201 (2018: $822,770) against goodwill.

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

	2019		2018	
	From %	To %	From %	To %
Year 1 growth rate	3.63	3.29	2.78	2.17
Year 2-5 growth rate	2.30	2.20	2.30	2.10
Average gross margin	29.00	28.56	30.96	30.26
Weighted average cost of capital	9.50	9.76	11.50	11.90

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

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

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

	2019		2018	
	From %	To %	From %	To %
Year 1 growth rate	11.0	5.4	2.0	(1.0)
Year 2-5 growth rate	2.0	0.1	2.0	0.1
Average gross margin	39.4	36.3	39.8	32.0
Weighted average cost of capital	12.2	16.0	11.5	15.2

5 Property, plant and equipment

	Land $	Buildings and improvements $	Plant and machinery $	Vehicles $	Furniture $	Work in progress $	Total $
Year ended 30 November 2019							
Opening net book amount	59,485,000	119,105,375	41,258,457	8,166,812	35,000,950	15,214,693	278,231,287
Additions	--	15,926,290	13,180,267	--	12,928,894	22,704,085	64,739,536
Revaluation surplus	2,450,000	--	--	--	--	--	2,450,000
Transfers	--	28,014,587	6,428,479	--	3,288,311	(37,731,377)	--
Disposals	--	(27,941)	(97,702)	(262,171)	430	(25,001)	(412,385)
Exchange differences	--	(80,952)	(18,138)	--	(5,395)	--	(104,485)
Depreciation charge	--	(19,958,446)	(13,583,905)	(2,906,222)	(10,360,015)	--	(46,808,588)
Closing net book amount	61,935,000	142,978,913	47,167,458	4,998,419	40,853,175	162,400	298,095,365
At 30 November 2019							
Cost or valuation	61,935,000	332,200,402	273,933,471	20,359,497	152,396,570	162,400	840,987,340
Accumulated depreciation	--	(189,221,489)	(226,766,013)	(15,361,078)	(111,543,395)	--	(542,891,975)
Net book amount	61,935,000	142,978,913	47,167,458	4,998,419	40,853,175	162,400	298,095,365
Year ended 30 November 2018							
Opening net book amount	52,945,000	129,503,224	46,560,686	7,659,988	39,029,520	2,036,827	277,735,245
Additions	--	9,068,429	8,213,840	4,081,686	7,011,707	13,177,866	41,553,528
Revaluation surplus	6,540,000	--	--	--	--	--	6,540,000
Disposals	--	(153,880)	(39,818)	(518,072)	--	--	(711,770)
Exchange differences	--	109,972	(2,794)	--	6,784	--	113,962
Depreciation charge	--	(19,422,370)	(13,473,457)	(3,056,790)	(11,047,061)	--	(46,999,678)
Closing net book amount	59,485,000	119,105,375	41,258,457	8,166,812	35,000,950	15,214,693	278,231,287
At 30 November 2018							
Cost or valuation	59,485,000	289,975,404	253,864,965	21,289,103	137,606,035	15,214,693	777,435,200
Accumulated depreciation	--	(170,870,029)	(212,606,508)	(13,122,291)	(102,605,085)	--	(499,203,913)
Net book amount	59,485,000	119,105,375	41,258,457	8,166,812	35,000,950	15,214,693	278,231,287
At 30 November 2017							
Cost or valuation	52,945,000	280,929,365	245,540,089	19,880,567	130,548,379	2,036,827	731,880,227
Accumulated depreciation	--	(151,426,141)	(198,979,403)	(12,220,579)	(91,518,859)	--	(454,144,982)
Net book amount	52,945,000	129,503,224	46,560,686	7,659,988	39,029,520	2,036,827	277,735,245

Depreciation expense of $46,808,588 (2018: $46,999,678) is included in other operating expenses. Bank borrowings are secured on fixed assets of the Group for the value of approximately $77 million (2018: $63 million). Included in buildings and improvements are buildings amounting to $38,264,771 (2018: $22,141,584) and improvements amounting to $104,714,142 (2018: $96,963,791).

a. *Fair value of land*

Land represents freehold and leasehold land. The Group engages an external, independent and qualified valuer to determine the fair value of the Group's land at least once every five years. The last valuation performed was as at 30 November 2018 for all freehold properties and as at 30 November 2019 for leasehold properties. The revaluation surplus arising in the current year was credited to other comprehensive income and is shown in 'other reserves' in shareholders' equity (Note 13.). The following table analyses the non-financial assets carried at fair value, by valuation method.

5 Property, plant and equipment (continued)

a. *Fair value of land* (continued)

Fair value measurements as at 30 November 2018 and 2019

	Quoted prices in active markets for identical assets (level 1) $	Significant other observable inputs (level 2) $	Significant unobservable inputs (level 3) $
2019	--	--	61,935,000
2018	--	--	59,485,000

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

If land was stated on the historical cost basis, the amount would be $29,038,230.

6 Intangible assets

	Goodwill $	Other deferred costs $	Total $
Year ended 30 November 2019			
Opening net book amount	24,791,308	55,953,648	80,744,956
Additions	--	3,198,252	3,198,252
Disposals	--	(17,635)	(17,635)
Amortisation charge	--	(2,602,474)	(2,602,474)
Closing net book amount	24,791,308	56,531,791	81,323,099
At 30 November 2019			
Cost	24,791,308	85,119,112	110,546,648
Accumulated amortisation and impairment	--	(28,587,321)	(29,223,549)
Net book amount	24,791,308	56,531,791	81,323,099
Year ended 30 November 2018			
Opening net book amount	24,791,308	52,879,266	77,670,574
Additions	--	5,658,511	5,658,511
Amortisation charge	--	(2,584,129)	(2,584,129)
Closing net book amount	24,791,308	55,953,648	80,744,956
At 30 November 2018			
Cost	24,791,308	81,982,248	107,409,784
Accumulated amortisation and impairment	--	(26,028,600)	(26,664,828)
Net book amount	24,791,308	55,953,648	80,744,956
At 30 November 2017			
Cost	24,791,308	76,323,737	101,751,273
Accumulated amortisation and impairment	--	(23,444,471)	(24,080,699)
Net book amount	24,791,308	52,879,266	77,670,574

Amortisation charge of $2,602,474 (2018: $2,584,129) is included in other operating expenses.
Included in other deferred costs is franchise agreements for ongoing operations of the Subway business acquired in 2011 which

6 Intangible assets (continued)

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.

	2019 $	2018 $
Weekenders Trinidad Limited		
Goodwill	6,157,578	6,157,578

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

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

	Gross margin %	Growth rate Year 1 %	Growth rate Year 2 - 5 %	Pre-tax Discount rate %
2019	39.4	11.0	2.0	12.2
2018	39.8	2.0	2.0	11.5

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.

	2019 $	2018 $
Subway business		
Goodwill	18,633,730	18,633,730
Intangible assets – franchise agreements	40,800,000	40,800,000
Assets acquired	59,433,730	59,433,730

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

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

	Gross margin %	Growth rate Year 1 %	Growth rate Year 2 - 5 %	Pre-tax Discount rate %
2019	29.00	3.63	2.30	9.50
2018	30.96	2.78	2.30	11.50

Assumptions for gross profit margins, growth rates and pre-tax weighted average cost of capital are based upon past

6 Intangible assets (continued)

Impairment tests for goodwill and intangible assets (continued)

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.

7a Financial instruments by category

	Loans and receivables 2019 $	Loans and receivables 2018 $
Assets as per consolidated balance sheet		
Trade and other receivables, excluding prepayments	4,092,939	4,789,392
Cash and cash equivalents	64,290,186	50,381,260
Total	68,383,125	55,170,652

	Other financial liabilities at amortised cost 2019 $	Other financial liabilities at amortised cost 2018 $
Liabilities as per consolidated balance sheet		
Borrowings	77,033,333	79,998,250
Trade and other payables, excluding statutory liabilities	123,502,421	117,139,734
Due to related parties	6,163,760	6,067,326
Total	206,699,514	203,205,310

Financial instruments where carrying value is equal to fair value

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

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

Liability	Categorisation of the fair value measurement in IFRS 13 fair value hierarchy	Valuation methodology used to determine fair value	Key assumptions in valuation methodology
Loan note – bank borrowing	Level 3	Discounted cash flow analysis	• Future cash flows • Current market interest rate at year end

A comparison of the fair value to the carrying value of bank borrowings is included in Note 15.

8 Deferred income tax

	2019 $	2018 $
Opening amount	1,000,619	2,583,088
Credit to consolidated income statement (Note 22)	(604,888)	(1,538,822)
Foreign exchange translation	31,120	(43,647)
Closing amount	426,851	1,000,619

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

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

Year ended 30 November 2018	At 1.12.17 $	(Credit)/charge to income statement $	Forex and change in tax rate $	At 30.11.18 $
Deferred income tax liabilities				
Accelerated tax depreciation	3,032,726	(1,800,621)	--	1,232,105
Deferred income tax assets				
Tax losses	(449,638)	261,799	(43,647)	(231,486)
	2,583,088	(1,538,822)	(43,647)	1,000,619

The Group has accumulated tax losses of approximately $Nil (2018: $874,740) available for set off against future chargeable profits. Prior year losses were not recognized as a deferred tax asset due to the uncertain timing of recoverability.

9 Inventories

	2019 $	2018 $
Food supplies and packaging materials	42,689,399	43,423,489
Consumable stores	15,639,233	14,558,922
	58,328,632	57,982,411

The cost of inventories recognised as expense and included in “cost of sales” amounted to $467,014,827 (2018: $437,280,877).

The write-down of inventories recognised as expense and included in “administrative expenses” amounted to $3,882,516 (2018: $3,777,534).

Notes to the Consolidated Financial Statements (continued)

30 November 2019
(Expressed in Trinidad and Tobago Dollars)

10 Trade and other receivables

	2019 $	2018 $
Trade receivables	4,284,189	3,328,266
Less: provision for impairment of trade receivables	(921,399)	(916,399)
	3,362,790	2,411,867
Prepayments	9,706,393	14,493,025
Other receivables	13,475,736	14,609,585
	26,544,919	31,514,477

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

	2019	2018
At 1 December	916,399	591,243
Provision for impairment recognised during the year	5,000	325,156
At 30 November	921,399	916,399

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

	2019	2018
TT dollar	26,420,142	31,156,741
Other currencies	124,777	357,736
	26,544,919	31,514,477

11 Cash and cash equivalents

	2019	2018
Cash at bank and on hand	64,290,186	50,381,260

12 Share capital

	Common shares No. of shares	$
Balance at 1 December 2017	62,513,002	23,759,077
Shares issued	--	--
Balance at 30 November 2018	62,513,002	23,759,077
Balance at 1 December 2018	62,513,002	23,759,077
Shares issued	--	--
Balance at 30 November 2019	62,513,002	23,759,077

Authorised share capital

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

13 Other reserves

	Land revaluation $	Currency translation $	Total $
Balance at 1 December 2017	22,746,770	(4,749,178)	17,997,592
Revaluation (Note 5)	6,540,000	--	6,540,000
Currency translation differences	--	(91,665)	(91,665)
Balance at 30 November 2018	29,286,770	(4,840,843)	24,445,927
Balance at 1 December 2018	29,286,770	(4,840,843)	24,445,927
Revaluation (Note 5)	2,450,000	--	2,450,000
Currency translation differences	--	(201,375)	(201,375)
Balance at 30 November 2019	31,736,770	(5,042,218)	26,694,552

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 2017	1,760,088	13,006,606
Disposal of shares	(231,517)	(1,722,205)
Balance at 30 November 2018	1,528,571	11,284,401
Balance at 1 December 2018	1,528,571	11,284,401
Transfer of shares	(62,916)	(346,659)
Balance at 30 November 2019	1,465,655	10,937,742

15 Borrowings

	2019 $	2018 $
Non-current		
Bank borrowings	61,100,000	49,000,000
Current		
Bank borrowings	15,933,333	30,998,250
Total borrowings	77,033,333	79,998,250

Loan 1
This loan represents a fixed rate TT dollar bond for $140 million at a rate of 6.25% per annum. Interest is payable quarterly. Principal is repayable by 40 quarterly equal instalments of $3.5 million which commenced on 3 September 2013. The bond is secured by a registered demand first debenture on the fixed and floating assets of the parent company. The fair value based on cash flows discounted using a current borrowing rate of 5.5% (2018: 5.25%) was $47,778,756 (2018: $62,085,162).

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% was $27,223,928.

Loan 3
This loan was repaid in full in 2019. The borrowing represented a US dollar loan for US$3 million at a rate of 6.76% per annum, reset every 3 months until maturity date. Interest was payable monthly. Principal was repaid by 6 monthly equal instalments of US $500,000 which commenced on 10 October 2018. This loan was unsecured.

Loan 4
This loan was issued on 15 January 2019 and repaid in full on 15 July 2019. The borrowing represented a fixed rate TT dollar unsecured loan for $15 million at a rate of 5.25% per annum. Interest was payable monthly.

The Group has the following undrawn borrowing facilities:

	2019 $	2018 $
Floating rate:		
Expiring within one year (Interest rate ranges from 5.25%-5.5%)	25,500,000	54,500,000

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

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

	2019 $	2018 $
Trinidad and Tobago dollars	77,033,333	63,000,000
United States dollars	--	16,998,250
	77,033,333	79,998,250

16 Trade and other payables

	2019 $	2018 $
Non-current		
Other payables (stock based compensation)	2,033,813	1,539,533
Current		
Trade payables	94,614,349	92,291,381
Accrued expenses	20,117,170	18,108,203
Stock based compensation	7,057,631	5,642,729
Payroll related taxes and other benefits	15,054,410	11,252,592
	136,843,560	127,294,905
Total trade and other payables	138,877,373	128,834,438

17 Related party balances and transactions

	2019 $	2018 $
a. *Due to related parties*		
Due to affiliated companies	6,163,760	6,067,326

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

	2019 $	2018 $
Purchase of foods and related supplies	56,537,259	52,811,237
Purchases – other	2,862,999	1,076,938
Lease of properties	1,427,970	1,427,970
b. *Directors' fees*	1,032,000	1,032,000
c. *Key management compensation*		
Salaries and other short-term benefits	7,498,826	9,419,086
Stock based compensation	912,502	(481,790)
	8,411,328	8,937,296

18 Revenue

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

	Quick Service Restaurants $	Casual Dining $	Total $
Total segment revenue 2019	870,078,603	242,854,467	1,112,933,070
Total segment revenue 2018	839,732,340	202,653,961	1,042,386,301

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

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

Notes to the
Consolidated Financial Statements (continued)

30 November 2019
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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

	2019 $	2018 $
The following items have been charged/(credited) in arriving at the operating profit:		
Cost of inventories (Note 9)	467,014,827	437,280,877
Employee benefit expense (Note 27)	192,586,044	181,068,832
Other expenses	88,605,949	86,308,337
Royalties	69,152,317	64,973,175
Operating lease expenses	62,642,895	60,538,330
Depreciation and amortisation	49,411,062	49,583,807
Advertising costs	44,802,934	43,344,607
Utilities	23,559,921	23,107,607
Repairs and maintenance on property, plant and equipment	31,928,516	26,171,917
Security	17,653,487	17,560,639
Insurance	5,230,768	5,962,265
Foreign exchange losses	3,676,620	5,185,134
Profit on disposal of property, plant and equipment	(157,806)	(569,898)
Cost of sales, other operating and administrative expenses	1,056,107,534	1,000,515,631

21 Finance costs

	2019 $	2018 $
Bank borrowings - interest expense	5,069,297	5,071,206

22 Income tax expense

	2019 $	2018 $
Current tax	19,262,515	13,841,309
Prior year under provision	(118,890)	22,362
Deferred tax credit (Note 8)	(604,888)	(1,538,822)
	18,538,737	12,324,849

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

	2019 $	2018 $
Profit before income tax	54,358,451	38,695,264
Tax calculated at 30%	16,307,535	11,608,579
Expenses not deductible for tax purposes	2,350,092	693,908
Prior year under provision	(118,890)	22,362
	18,538,737	12,324,849

30 November 2019
(Expressed in Trinidad and Tobago Dollars)

23 Group earnings per share

a. *Basic*

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

	2019 $	2018 $
Profit attributable to owners of the Parent Company	35,819,714	26,370,415
Weighted average number of common shares in issue during the year exclusive of treasury shares	61,047,347	60,984,431
Basic earnings per share (exclusive of treasury shares)	58.7¢	43.2¢

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.

	2019 $	2018 $
Profit attributable to owners of the parent company	35,819,714	26,370,415
Weighted average number of common shares in issue for diluted earnings per share	62,122,518	62,031,239
Diluted earnings per share	57.7¢	42.5¢

24 Segment information – geographical segment

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

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

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

30 November 2019
(Expressed in Trinidad and Tobago Dollars)

24 Segment information – geographical segment (continued)

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

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

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

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

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

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

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

24 Segment information – geographical segment (continued)

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

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

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

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

25 Dividends

The Board of Directors of Prestige Holdings Limited approved a final dividend of 20 cents (2018: 20 cents) per common share, which, with shareholders' approval, will bring the total dividends for the financial year ended 30 November 2019 to 32 cents (2018: 32 cents).

26 Cash generated from operations

	2019 $	2018 $
Profit before income tax	54,358,451	38,695,264
Adjustments for:		
Depreciation and amortisation	49,411,062	49,583,807
Increase/(decrease) in other payables	494,280	(569,323)
Finance costs (Note 21)	5,069,297	5,071,206
Foreign exchange differences	(78,290)	(216,525)
Profit on disposal of property, plant and equipment and franchise fees	(157,807)	(569,898)
Transfer of treasury shares	346,659	--
Changes in current assets and current liabilities:		
Increase in inventories	(346,221)	(2,976,547)
Decrease/(increase) in trade and other receivables	4,969,558	(7,544,356)
Increase/(decrease) in trade and other payables	9,548,655	(1,904,020)
Increase in due to related parties	96,434	242,151
	123,712,078	79,811,759

Notes to the
Consolidated Financial Statements (continued)

30 November 2019
(Expressed in Trinidad and Tobago Dollars)

27 Employee benefit expense

	2019 $	2018 $
Wages and salaries	166,010,399	158,220,167
Payroll related taxes and other benefits	22,752,668	23,099,954
Stock based employee compensation	2,746,748	(1,155,237)
Pension costs – defined contribution plan	1,076,229	903,948
	192,586,044	181,068,832

28 Commitments and contingent liabilities

Capital commitments
Capital commitments for the Group amounted to approximately $0.36 million at 30 November 2019 (2018: $29.1 million).

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

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

	2019 $	2018 $
Rentals due within one year	47,614,959	44,473,030
Rentals due between two to five years	121,095,010	112,580,204
Rentals due in more than five years	78,185,755	45,046,514
	246,895,724	202,099,748

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

	2019 $	2018 $
Custom bonds	250,000	250,000

Guarantee

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

Management Proxy Circular

REPUBLIC OF TRINIDAD AND TOBAGO

THE COMPANIES ACT, CHAPTER 81:01
(Section 144)

1. **Name of Company:**
   Prestige Holdings Limited .... Company No. P 4208 (95) A

2. **Particulars of meeting:**
   The Annual Meeting of shareholders of the Company to be held at No. 22 London Street, Port of Spain on Tuesday 28 April 2020 at 11.00 a.m.

3. **Solicitation:**
   It is intended to vote the proxy hereby solicited by the management of the Company (unless the shareholder directs otherwise) in favour of all resolutions specified in the Proxy Form sent to the shareholders with this circular and, in the absence of a specific direction, in the discretion of the proxy holder in respect of any other resolution.

4. **Any Director's statement submitted pursuant to section 76(2):**
   No statement has been received from any director pursuant to section 76(2) of the Companies Act, Chapter 81:01.

5. **Any Auditors' statement submitted pursuant to section 171(1):**
   No statement has been received from the auditors of the Company pursuant to section 171(1) of the Companies Act, Chapter 81:01.

6. **Any Shareholder's proposal and/or statement submitted pursuant to sections 116(a) and 117(2):**

   No proposal or statement has been received from any shareholder pursuant to sections 116(a) and 117 (2) of the Companies Act, Chapter 81:01.

Date	Name and title	Signature
23 March 2020	Marlon Danglade Corporate Secretary	

Form of Proxy

REPUBLIC OF TRINIDAD AND TOBAGO
THE COMPANIES ACT, CHAPTER 81:01
(Section 143(1))

1. Name of Company: **PRESTIGE HOLDINGS LIMITED** Company No. P 4208 (95) A

2. Particulars of Meeting: Annual Meeting of Shareholders to be held at No. 22 London Street, Port of Spain on Tuesday 28 April 2020 at 11.00 a.m.

I/We ....
(Block Letters)
of ....
(Block Letters)
shareholder(s) of the above Company, hereby appoint the Chairman, Mr. Christian Mouttet or failing him

....of...

....

to be my/our proxy to vote for me/us on my/our behalf at the above meeting and any adjournment thereof in the same manner, to the same extent and with the same powers as if I/we were present at the said meeting or such adjournment or adjournments thereof, and in respect of the resolutions below to vote in accordance with my/our instructions below.

....
(Signature(s) of Shareholder(s))

Dated the .... day of .... 2020.

(Please indicate with an "X" in the spaces overleaf your instructions on how you wish your votes to be cast. Unless otherwise instructed, the proxy may vote or abstain from voting as he/she thinks fit.)

Please consider the **Notes 1** to **6** overleaf for your assistance to complete and deposit this Proxy Form.

NOTES:

1. If it is desired to appoint as a proxy a person other than those named on the form, delete as necessary and insert the name and address of the person appointed.
2. If the Shareholder is a corporation, this Proxy Form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
3. A Shareholder that is a body corporate may, in lieu of appointing a proxy, authorise an individual by resolution of its directors or governing body to represent it at this Annual Meeting.
4. In the case of a joint Shareholder, the names of all joint Shareholders must be stated on the Proxy Form and all joint Shareholders must sign the Proxy Form.
5. If the Proxy Form is returned without any indication as to how the person appointed proxy shall vote, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
6. To be valid, the Proxy Form must be completed and deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Annual Meeting.

Return to:
Prestige Holdings Limited
47-49 Sackville Street
Port of Spain.

Form of Proxy

Resolution No.	Ordinary Business	For	Against
1	The Audited Financial Statements of the Company and its subsidiaries for the year ended 30 November 2019 together with the Reports of the Directors and the Auditors thereon be and the same are hereby received and adopted.		
2	Pursuant to the recommendation of the Directors, a final dividend of twenty (20) cents per common share for the year ended 30 November 2019 be and the same is hereby declared, and that such dividend be paid on 18 May 2020 to shareholders whose names appear on the register of members on 7 May 2020.		
3	Mr. Martin de Gannes be and is hereby re-elected, a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company to hold office from the date of his election until the close of the third Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.		
4	Mr. Neil Poon Tip be and is hereby re-elected, a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company to hold office from the date of her election until the close of the third Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.		
5	Messrs. PricewaterhouseCoopers be and are hereby re-appointed as the Auditors of the Company to hold office until the close of the next Annual Meeting.		

Notes

PRESTIGE HOLDINGS LTD.

A Restaurant Management Company