Prestige Holdings Limited

Consolidated Financial Statements

30 November 2019

(Expressed in Trinidad and Tobago Dollars)

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Prestige Holdings Limited

Contents

Prestige Holdings Limited

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Prestige Holdings Limited and its subsidiaries (the Group), which comprise the consolidated 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.

Independent auditor's report (continued)

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.

Independent auditor's report (continued)

Materiality

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

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

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.

Independent auditor's report (continued)

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. ➢ ***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.

Independent auditor's report (continued)

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.	➢ ***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.

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.

Independent auditor's report (continued)

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)

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

- 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

Prestige Holdings Limited

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 15 to 48 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

Prestige Holdings Limited

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 15 to 48 are an integral part of these consolidated financial statements.

Prestige Holdings Limited

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

	Note	Year ended 30 November 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 15 to 48 are an integral part of these consolidated financial statements.

Prestige Holdings Limited

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

	Notes	Share capital $	Other reserves $	Retained earnings $	Total $	Treasury Shares $	Total equity $
Balance at 1 December 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 15 to 48 are an integral part of these consolidated financial statements.

Prestige Holdings Limited

Consolidated Statement of Changes in Equity (continued)

(Expressed in Trinidad and Tobago Dollars)

	Notes	Share capital $	Other reserves $	Retained earnings $	Total $	Treasury Shares $	Total equity $
Balance at 1 December 2018		23,759,077	24,445,927	252,221,130	300,426,134	(11,284,401)	289,141,733
Comprehensive income							
Profit for the year		--	--	35,819,714	35,819,714	--	35,819,714
Other comprehensive income/(loss)							
Revaluation surplus	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 15 to 48 are an integral part of these consolidated financial statements.

Prestige Holdings Limited

Consolidated Statement of Cash Flows
(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 November 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 15 to 48 are an integral part of these consolidated financial statements.

1 General information

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

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

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

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

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

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

2 Summary of significant accounting policies

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

a. *Basis of preparation*

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

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

2 Summary of significant accounting policies (continued)

a. *Basis of preparation (continued)*

(i) *Changes in accounting policies and disclosures*

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

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 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:

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

a. *Basis of preparation (continued)*

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

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

- IFRS 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.

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

c. *Segment reporting*

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

d. *Foreign currency translation*

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'finance 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.

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

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

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.

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.

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

f. *Intangible assets (continued)*

(ii) *Franchise agreements – ongoing operations*

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

(iii) *Franchise fees*

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

(iv) *Development rights*

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

g. *Impairment of non-financial assets*

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

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

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

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

i. *Financial assets*

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.

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

i. *Financial assets (continued)*

Financial assets under IFRS 9 - from 1 December 2018 (continued)

(i) *Classification (continued)*

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.).

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

j. *Offsetting financial instruments*

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

k. *Impairment of financial assets*

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.

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

l. *Inventories*

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

m. *Trade receivables*

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

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

n. *Cash and cash equivalents*

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

o. *Share capital*

Ordinary shares with discretionary dividends are classified as equity.

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

p. *Trade payables*

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

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

q. *Provisions*

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

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

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

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

r. *Employee benefits*

(i) *Pension obligations*

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

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

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

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.

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

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 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.

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

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 that quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - The inputs are unobservable inputs for the asset or liability.

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

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

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

3 Financial risk management

a. *Financial risk factors*

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

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

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

(i) *Market risk*

(a) *Foreign exchange risk*

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

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

As at 30 November 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.

3 **Financial risk management (continued)**

a. *Financial risk factors (continued)*

(i) *Market risk (continued)*

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

The Group's exposure to cash flow interest rate risk arises from the variable interest rate 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.

(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.

3 **Financial risk management (continued)**

a. *Financial risk factors (continued)*

(ii) *Credit risk (continued)*

(b) *Security*

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

(c) *Impairment of financial assets*

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

	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.

3 **Financial risk management (continued)**

b. *Capital risk management*

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

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

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

	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.

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)

3 **Financial risk management (continued)**

b. *Capital risk management (continued)*

	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

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

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

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

The Group tests annually whether goodwill and intangible assets have suffered any impairment in accordance with the accounting policy stated in Notes 2 f and 2 g. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates. The significant assumptions are disclosed in Note 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

5 Property, plant and equipment (continued)

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.

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.

6 **Intangible assets (continued)**

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

Impairment tests for goodwill and indefinite life intangible assets

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

	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.

Subway business	2019 $	2018 $
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

6 Intangible assets (continued)

Impairment tests for goodwill and intangible assets (continued)

Subway business (continued)

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

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

	Gross margin %	Growth rate 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 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

7a Financial instruments by category (continued)

Financial instruments where carrying value is equal to fair value

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

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

Liability	Categorisation of the fair value measurement in IFRS 13 fair value hierarchy	Valuation methodology used to determine fair value	Key assumptions in valuation methodology
Loan note – bank borrowing	Level 3	Discounted cash flow analysis	• 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

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

8 Deferred income tax (continued)

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).

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:

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:

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

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 Trinicty 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 Restuarants $	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.

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

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.

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

24 Segment information – geographical segment (continued)

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

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

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.