famous | brands
you're in good company

Consolidated and Company Financial Statements

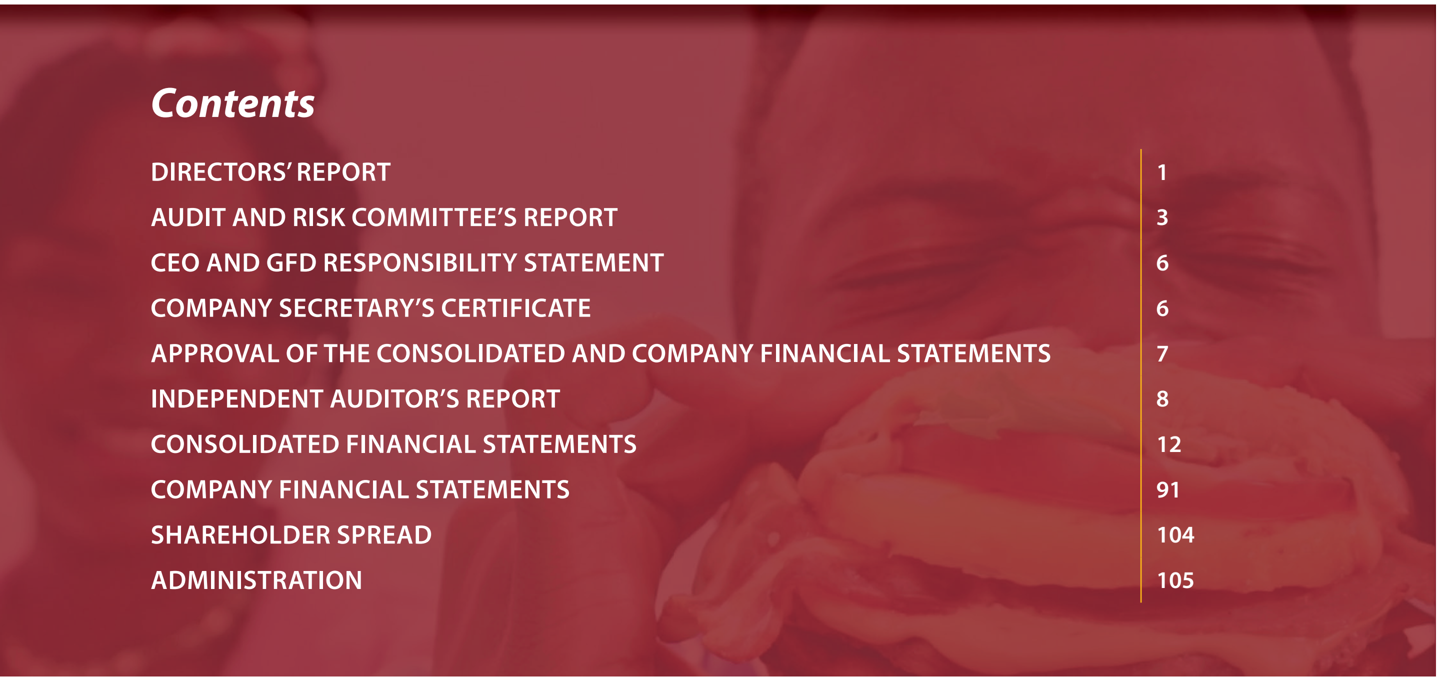
28 February

2023

Audited financial statements and other information

for the year ended 28 February 2023

The reports and statements set out below were prepared under the supervision of DJ Fredericks CA(SA), Group Financial Director, and comprise the Group and company audited financial statements presented to the shareholders.



Contents

Directors' report

for the year ended 28 February 2023

The directors have pleasure in submitting their report for the year ended 28 February 2023.

Nature of business

Famous Brands Limited (Famous Brands or the company) is a holding company domiciled in South Africa and is listed on the JSE Limited under the category Consumer Services: Travel and Leisure. Famous Brands is Africa's leading quick service and casual dining restaurant franchisor.

The nature of goods and services is detailed in the Operating Segment and revenue streams in Note 12 *Revenue*.

Information on the Group's structure and information on related parties is provided in relevant notes to the consolidated financial statements.

Famous Brands' vertically integrated business model comprises a portfolio of 17 brands represented by a franchise network of 2,887 restaurants across South Africa (SA), the Rest of Africa and Middle East (AME), and the United Kingdom (UK), underpinned by substantial Logistics and Manufacturing operations.

Directors' responsibilities

The responsibilities of the company's directors are detailed on page 6 of this document.

Financial statements and results

The Group and company's results and financial position are reflected on page 13 to page 103.

Significant events

All significant events have been detailed within the financial results.

Corporate governance

The Corporate governance report is set out in the 2023 Integrated Annual Report (IAR).

Tangible and intangible assets

Movements in the Group's tangible and intangible assets are set out in Notes 1 – *Property, plant and equipment* and Note 2 – *Intangible assets*.

Events after reporting date

All significant events after the reporting date have been detailed within the financial results.
Refer to Note 30 – *Subsequent events*.

Prospects

Trading conditions has improved however the economic outlook for 2024 remains uncertain due to the ongoing recovery of the global economy, which has been hampered by high inflation levels and supply chain disruptions resulting initially from the pandemic and thereafter from the Ukraine/Russia war. The South African economy faces additional challenges, including a dramatic increase in the level of load shedding combined with difficult economic conditions, which has however muted the growth prospects across the value chain of the Group.

Nevertheless, management has implemented several strategies to mitigate these events including the impact of load shedding on operations.

Promotional activity and advertising spend will continue over the winter months to drive sales.

Dividends

The Group continued its post-pandemic financial recovery, evidenced by strong earnings, cash generation and a strong overall financial position. After considering the Group's performance in 2023 and future outlook, the Board declared a final dividend of 233 cents per share to the amount of R233 million. Total dividends are being paid out of profits for the year ended 28 February 2023, to the total amount of R363 million.

Share capital

The authorised and issued share capital of the company as at 28 February 2023 is set out in Note 9 *Equity reserves* of the consolidated financial statements.

There were no new issues in the year.

Shareholder spread and material shareholders

In terms of the JSE Listings Requirements paragraph 3.37 and 4.28 (e), Famous Brands complies with the minimum shareholder spread requirements, with 81% (2022: 79%) of ordinary shares being held by the public as at 28 February 2023. Details of the company's shareholder spread, and material shareholders are set out on page 104.

Directors and Company Secretary

The names of the directors and the Company Secretary at the date of this report are detailed on page 6 of this document.

Changes to the Board

The following changes to the composition of the Board took place during the year:

- Busisiwe Mathe was appointed as a Social and Ethics Committee member, effective 3 November 2022.
- Thabo Mosololi was appointed as an independent non-executive director and Audit and Risk Committee member, effective from December 2022 and February 2023, respectively.
- On 8 March 2023, Norman Adami resigned as an Audit and Risk Committee member. He remains a member of the Nomination and Investment Committees.
- Further to the announcement released by the Company on 22 December 2022, shareholders are advised that Mr Deon Fredericks will retire as Group Financial Director and member of the Board on 31 July 2023. Ms Nelisiwe Shiluvana will assume the position of Group Financial Director and become a member of the Board with effect from 1 August 2023.
- Mr John Halamandres will retire as member of the Board with effect from the Annual General Meeting on 20 July 2023.

Special Resolutions

The Special Resolutions passed by the company at its AGM held on 22 July 2022 are detailed on page 7 to 11 of the 2022 Notice of AGM of Shareholders and Summarised Results.

At the next AGM to be held on 20 July 2023, shareholders will be requested to approve special resolutions detailed in the Notice of Annual General Meeting of Shareholders.

Audit and Risk Committee's report

for the year ended 28 February 2023

Composition and attendance

Chairman

CH Boulle (4/4)

Members

NJ Adami* (4/3)
F Petersen-Cook (4/3)
BM Mathe (4/4)
T Mosololi** (4/1)

Invitees

DP Hele: Group CEO (4/4)
DJ Fredericks: Group FD (4/4)
SL Botha (4/4)
N Halamandaris (4/4)
N Ndaba: Group Risk Executive (4/4)
CD Appollis: Group Company Secretary (4/4)
N Shiluvana: Group Financial Director – Designate (4/4)
K Mosuoe: Head Internal audit (4/4)
KPMG (4/4)

* *Norman Adami resigned as an Audit and Risk Committee member in March 2023.*
** *Thabo Mosololi joined the Board in December 2022 and the Committee in February 2023.*

Mandate

The key focus for the Committee is to assist the Board in discharging its oversight responsibilities, including safeguarding the Group's assets, ensuring adequate risk management and control processes, and overseeing the preparation of the financial statements in compliance with all applicable legislation and regulations.

Focus areas for 2023

General

- Reviewed and recommended the consolidated financial statements and IAR to the Board for approval.
- Approved the updates to the limits of authorities and approvals framework.
- Reviewed the outcomes of the committee evaluation and undertook to implement all recommendations.
- Reviewed the annual work plan.

Annual assessments

The Committee received feedback on an internal assessment conducted on the skills, expertise and resourcing of the finance function and was satisfied with the overall adequacy and appropriateness of the function. The Committee further reviewed the expertise and experience of the Group Financial Director, Deon J Fredericks, and was satisfied with the appropriateness thereof.

In evaluating the finance function, including considering the input of the senior finance team during closed session with the auditors, the Committee concluded that:

- the finance function's management philosophy and control environment were consistent;
- management of the finance function has provided the required guidance to operations during the year;
- the organisational structure of the finance function was appropriately designed, having the required authority and responsibility that promoted accountability and control;
- the finance function had properly applied accounting principles in the preparation of the financial statements and the accounting of complex and non-routine transactions; and
- the Group's financial reporting procedures were adequate and effective.

Discharging our duties

Overall, the Committee reflected that it was satisfied with the expertise and competency of the Group Financial Director and the finance function and identified areas for improvement. The Committee found that the Head of Internal Audit was knowledgeable and provided strong leadership to the department. The Chairman of the Committee provided feedback directly to the parties concerned.

Financial statements, accounting practices and other financial matters

- reviewed the assessment prepared by management of the going concern status of the Group and made recommendations to the Board. The Committee concurred that the adoption of the going concern is appropriate for the preparation of the annual financial statements;
- reviewed the financial and general covenants applicable to the Group based on the debt and capital structure, which was found to have been appropriate and complied with;
- considered matters raised relating to financial reporting and accounting practices, internal audit, contents of the Group's and the Company's financial statements, internal financial controls and any related matters;
- reviewed the processes in place for reporting matters relating to financial reporting and accounting practices, internal audit, contents of the Group's and the Company's Financial Statements, internal financial controls and any related matters and agreed on matters that required improvement. The Committee can confirm that there were no matters of concern noted;
- reviewed and recommended the press release, short and long-form announcements, interim results and annual financial statements to the Board for approval;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- considered the significant unusual transactions and key accounting judgements;
- considered the reports of the internal auditors on the Group's systems of internal control, including financial controls, business risk management and maintenance of an effective internal controls system;
- received assurance from management that proper and adequate accounting records were maintained and the systems safeguard the assets against unauthorised use or disposal; and
- reviewed the Group tax report.

External audit

- considered the quality controls processes of the external auditor and specifically audit quality review conducted over the designated auditor, including those performed by the Independent Regulatory Board for Auditors (IRBA) as part of its routine review process;
- considered the appropriateness of the other auditors engaged to perform audits within the Group, being Blick Rothenberg Chartered Accountants in the UK and PKF Botswana, and deemed them appropriate; and
- reviewed the external auditor's report on the consolidated and company annual financial statements and the key audit matter.

Internal audit

- reviewed and approved the internal audit business plan and budget;
- performed the annual review and approval of the Internal Audit Charter;
- reviewed the Internal Audit reports and processes; and
- approved the short-term incentive scheme for the head of internal audit.

Risk management

- evaluated and reported to the Board on the effectiveness of risk management controls and governance processes;
- reviewed and approved the risk management business plan and budget;
- performed the annual review and approval of the Risk Management Charter;
- reviewed the Group's IT governance framework; and
- reviewed and considered changes to legislation and regulations which had a potential impact on the Group.

Based on the above, the Committee formed the opinion that there were no material breakdowns in internal control, including financial control, business risk management and the maintenance of effective material control systems.

Going concern

The Committee considered the going concern assessment as prepared by management, including the Group's outlook regarding trading conditions that will persist into the foreseeable future. This assessment is based on a range of varied scenarios. These include long-term growth plans, cash management, debt service and covenant requirements and working capital requirements. The Committee is satisfied that the Group is a going concern for the foreseeable future based on the information available at the time of approval of the consolidated financial statements.

Key focus areas for 2024

During 2024, the Committee will monitor the:

- transition of the financial management and reporting from the Group Financial Director to the recently announced Group Financial Director – Designate;
- embedding of improved financial statements and reporting processes across the group; and
- ever evolving regulatory and reporting requirements.

Conclusion

The Committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate, statutory responsibilities, and terms of reference during the year. It considered all the material factors and the key audit matter; the Committee recommended the consolidated and company financial statements for the year ended 28 February 2023 for approval to the Board.

The Board approved the financial statements on 22 May 2023, which will be open for discussion at the forthcoming AGM of shareholders. The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the year. I will be available at the AGM to answer any questions regarding the activities of the Committee.

Chris Boulle
Chairman

22 May 2023

CEO and GFD responsibility statement

for the year ended 28 February 2023

Each of the directors, whose names are stated below, hereby confirm that:

a) the Annual Financial Statements set out on pages 13 to 103, fairly present in all material aspects the financial position, financial performance and cash flows of Famous Brands Limited in terms of International Financial Reporting Standards (IFRS);
b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
c) internal financial controls have been put into place to ensure that material information relating to Famous Brands Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements of Famous Brands Limited;
d) the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls; and
e) where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and, have remediated the deficiencies; and we are not aware of any fraud involving directors.

DP Hele
Chief Executive Officer (CEO)

22 May 2023

DJ Fredericks
Group Financial Director (GFD)

22 May 2023

Company Secretary's certificate

In my capacity as the Company Secretary, I hereby certify that Famous Brands Limited has lodged with the Companies and Intellectual Property Commission for the financial year ended 28 February 2023, all such returns and notices as are required of a public company in terms of the Companies Act of South Africa and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

CD Appollis
Company Secretary

22 May 2023

Approval of the consolidated and company financial statements

for the year ended 28 February 2023

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements present fairly the state of affairs of the Group and company as at the end of the financial year and the results of its operations and cash flows for the year ended. This is done in conformity with IFRS and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the Group at 28 February 2023, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Council, the Companies Act of South Africa and the JSE Listings Requirements.

The external auditors are engaged to express an independent opinion on the financial statements. The financial statements are prepared in accordance with IFRS and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Group and place considerable importance on maintaining an adequate control environment. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that is above reproach. The Audit and Risk Committee perform an oversight role in matters related to financial and internal controls.

The directors are of the opinion that based on the information and explanations given by management, the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's and company cash flow forecast for the subsequent year and, considering this review and the current financial position, they are satisfied that the Group and company has access to adequate resources to continue in operational existence for the foreseeable future. The consolidated and company financial statements, which have been prepared on the going concern basis, were approved by the Board of Directors, and are signed on its behalf by:

SL Botha
Independent Chairman

22 May 2023

DP Hele
Chief Executive Officer

22 May 2023

Independent auditor's report

for the year ended 28 February 2023

To the shareholders of Famous Brands Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Famous Brands Limited (the Group and Company) set out on pages 13 to 103, which comprise the consolidated and company statements of financial position at 28 February 2023, and the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows, for the year then ended, primary (business units) and secondary (geographical) segment report, statement of compliance and notes to the consolidated and company financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Famous Brands Limited and its subsidiaries at 28 February 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

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 and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion.

Key audit matter

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

We have determined that there are no key audit matters to communicate in relation to our audit of the separate financial statements.

Impairment of goodwill, trademarks and brand names intangible assets

Refer to note 2 "Intangible assets" of the consolidated financial statements as well as note 13 "Profit before tax" ("significant judgements and estimation uncertainty") in the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
Intangible assets of R798 million relating to goodwill of R448 million and trademarks and brand names intangible assets of R350 million (94% of intangible assets) makes up 42% of total non-current assets of the Group. As required by IAS 36 – Impairment of Assets (IAS 36), management perform annual impairment assessments to test the recoverability of the carrying amounts of goodwill for each cash-generating unit and trademarks and brand names with indefinite useful lives. Impairment assessments of goodwill, trademarks and brand names intangible assets are performed based on value-in-use calculations using discounted cash flow models. As disclosed in note 2 and note 13, there are a number of key judgements made in determining the inputs into the value in use calculations which include: • forecast revenues; • forecast profits; • royalty rates; • discount rates applied to the projected future cash flows; and • terminal growth rates. Given the significance of goodwill, trademarks and brand names intangible assets in the consolidated financial statements and the judgements involved in determining the key assumptions used in the discounted cash flow models, this was considered to be a key audit matter.	Our audit procedures included: • Critically evaluating whether the discounted cash flow models used by management to calculate the value in use of goodwill for each cash-generating unit, trademark or brand name intangible asset complies with the requirements of IAS 36; • Challenged the assumptions used by management in their value in use calculations by: o Assessing the reasonableness of assumptions relating to forecast profits, royalty rates and forecast revenue in relation to our knowledge of the Group and the industries in which it operates; o Assessing the reasonableness of the terminal growth rates in relation to external market data; and o Assessing the reasonableness of the discount rates applied by independently calculating the rates and comparing the rates to those used by management with assistance from our internal corporate finance specialist team. • Evaluated the future projected cash flows for each cash-generating unit, trademark or brand name intangible asset to determine whether they are reasonable and supportable given the current macro-economic climate by comparing the projected cash flows, including assumptions relating to profit growth and terminal growth rates, against historical performance to test the accuracy of managements projections; • Performed sensitivity analyses on key assumptions to assess the impact on the value in use calculations; and • Evaluated the adequacy of the disclosures in accordance with IAS 36 made by management in the consolidated financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Famous Brands Consolidated and Company Financial Statements 28 February 2023", which includes the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company'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 the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 and Company'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 and separate 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 and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Famous Brands Limited for three years.

KPMG Inc.
Registered Auditor
Per NH Southon
Chartered Accountant (SA)
Registered Auditor
Director

22 May 2023

KPMG Crescent
85 Empire Road
Parktown
2193

Consolidated Financial Statements

Consolidated statement of financial position

at 28 February 2023

	Notes	2023 R000	2022 R000
Assets			
Non-current assets		**1 891 299**	1 624 848
Property, plant and equipment	1	**904 148**	640 442
Intangible assets	2	**850 458**	871 631
Investments in associates	3	**12 065**	9 351
Investment in preference shares	25.1	**3 490**	–
Loans to associates	3	**22 222**	11 269
Lease receivables	4	**7 010**	13 636
Deferred tax	5	**91 906**	78 519
Current assets		**1 541 401**	1 334 803
Inventories	6	**531 211**	408 191
Trade and other receivables	7	**550 623**	447 225
Cash and cash equivalents	8	**310 934**	333 435
Restricted cash	8	**134 577**	122 793
Lease receivables	4	**2 152**	8 470
Derivative financial instruments	25.1	**3 970**	9 563
Current tax assets		**7 934**	5 126
Total assets		**3 432 700**	2 959 651
Equity and Liabilities			
Capital and reserves			
Share capital	9.1	**1 002**	1 002
Share premium	9.2	**163 441**	163 441
Non-distributable reserves		**143 263**	115 776
Foreign currency translation reserve		**77 454**	54 907
Retained earnings		**458 691**	266 132
Equity attributable to owners of Famous Brands Limited		**843 851**	601 258
Non-controlling interests		**131 933**	119 287
Total equity		**975 784**	720 545
Non-current liabilities		**1 400 512**	1 194 789
Borrowings	10	**1 023 170**	881 670
Lease liabilities	4	**287 464**	232 109
Provision		**2 194**	–
Deferred tax	5	**87 684**	81 010
Current liabilities		**1 056 404**	1 044 317
Trade and other payables	11	**755 608**	675 236
Borrowings	10	**116 693**	256 482
Lease liabilities	4	**51 473**	89 225
Shareholders for dividends		**2 802**	2 418
Current tax liabilities		**51 631**	20 480
Derivative financial instruments	25.1	**–**	476
Bank overdraft	8	**78 197**	–
Total liabilities		**2 456 916**	2 239 106
Total equity and liabilities		**3 432 700**	2 959 651

Consolidated statement of profit or loss and other comprehensive income

for the year ended 28 February 2023

	Notes	2023 R000	2022* R000
Revenue	12	**7 443 924**	6 476 354
Cost of sales		**(4 267 922)**	(3 564 258)
Gross profit		**3 176 002**	2 912 096
Other income	13	**126 386**	20 147
Expected credit loss	13	**(2 977)**	(10 317)
Administration expenses		**(165 120)**	(169 374)
Marketing expenses		**(614 198)**	(583 266)
Operations expenses		**(1 618 516)**	(1 514 638)
Operating profit before impairment of intangible assets		**901 577**	654 648
Impairment of intangible assets	2	**(40 643)**	(25 090)
Operating profit		**860 934**	629 558
Net finance costs		**(81 920)**	(107 501)
Finance costs	14.1	**(122 498)**	(124 836)
Finance income	14.2	**40 578**	17 335
Share of profit from associates	3	**8 685**	260
Impairment of loan/investment in associate	3	**(18 454)**	(8 262)
Profit before tax	13	**769 245**	514 055
Tax	15	**(213 986)**	(158 555)
Total profit for the year		**555 259**	355 500
Profit for the year attributable to:			
Owners of Famous Brands Limited		**524 109**	317 657
Non-controlling interests		**31 150**	37 843
Total profit for the year		**555 259**	355 500
Other comprehensive income, net of tax:			
Exchange differences on translating foreign operations**		**22 547**	(12 895)
Pre-tax foreign exchange differences on translating foreign operations		**23 688**	(12 165)
Tax effect on exchange differences on translating foreign operations		**(1 141)**	(730)
Movement in hedge accounting reserve**		**(4 626)**	1 173
Pre-tax change in fair value of cash flow hedges		**(6 412)**	1 629
Tax on movement in hedge accounting reserve		**1 786**	(456)
Total comprehensive income for the year		**573 180**	343 778

* *Some of the line items have been reclassified to enhance presentation and disclosure, refer to note 27 for details.*

** *This item may be reclassified subsequently to profit or loss.*

	Notes	2023 R000	2022 R000
Total comprehensive income attributable to:			
Owners of Famous Brands Limited		**542 030**	305 935
Non-controlling interests		**31 150**	37 843
Total comprehensive income for the year		**573 180**	343 778
Basic earnings per share (cents)			
Basic	16	**523**	317
Diluted	16	**523**	317

Consolidated statement of changes in equity

for the year ended 28 February 2023

	Attributable to owners of Famous Brands Limited							
	Share capital R000	**Share premium R000**	**Non-distributable reserves R000**	**Foreign currency translation reserve R000**	**Retained (loss)/ earnings R000**	**Total R000**	**Non-controlling interests R000**	**Total equity R000**
Balance at 1 March 2021	1 002	163 441	88 786	67 802	(51 525)	269 506	121 258	390 764
Equity settled share-based payment scheme*	–	–	36 652	–	–	36 652	–	36 652
Total comprehensive income for the year	–	–	1 173	(12 895)	317 657	305 935	37 843	343 778
Dividends declared	–	–	–	–	–	–	(28 115)	(28 115)
Additional interest acquired from non-controlling interests	–	–	–	–	–	–	(5 988)	(5 988)
Disposal of interest in subsidiaries impact on non-controlling interests	–	–	–	–	–	–	(5 711)	(5 711)
Change of ownership interests in subsidiaries	–	–	(12 592)	–	–	(12 592)	–	(12 592)
Other reserve	–	–	1 757	–	–	1 757	–	1 757
Balance at 1 March 2022	**1 002**	**163 441**	**115 776**	**54 907**	**266 132**	**601 258**	**119 287**	**720 545**
Equity settled share-based payment scheme*	**–**	**–**	**35 830**	**–**	**–**	**35 830**	**–**	**35 830**
Transfer between reserves	**–**	**–**	**(4 079)**	**–**	**(882)**	**(4 961)**	**4 961**	**–**
Total comprehensive income for the year	**–**	**–**	**(4 626)**	**22 547**	**524 109**	**542 030**	**31 150**	**573 180**
Dividends declared	**–**	**–**	**–**	**–**	**(330 668)**	**(330 668)**	**(25 327)**	**(355 995)**
Non-controlling interest arising on business combination	**–**	**–**	**–**	**–**	**–**	**–**	**1 862**	**1 862**
Other reserve	**–**	**–**	**362**	**–**	**–**	**362**	**–**	**362**
Balance at 28 February 2023	**1 002**	**163 441**	**143 263**	**77 454**	**458 691**	**843 851**	**131 933**	**975 784**
	Note 9	Note 9						

* *Equity settled share-based payment scheme is a net of the annual charge of R42.6 million (2022: R41.1 million) in note 13 and grant settlement of R6.8 million (2022: R4.4 million).*

Consolidated statement of cash flows

for the year ended 28 February 2023

	Notes	2023 R000	2022 R000
Cash generated from operations	17.1	**961 444**	871 082
Net finance costs paid		**(89 566)**	(110 921)
Finance income received		**28 377**	17 335
Finance costs paid		**(117 943)**	(128 256)
Income tax paid	17.2	**(194 063)**	(183 554)
Dividends paid		**(355 611)**	(43 853)
Dividends paid to owners of Famous Brands Limited	17.3	**(330 284)**	–
Dividends paid to non-controlling interests		**(25 327)**	(43 853)
Net cash inflow from operating activities		**322 204**	532 754
Cash flow from investing activities			
Additions to property, plant and equipment	1	**(142 612)**	(122 902)
Intangible assets acquired	2	**(19 670)**	(16 775)
Proceeds from disposal of property, plant and equipment		**7 850**	10 185
Proceeds from disposal of intangible assets		**4 211**	3 387
Net cash inflow on disposal of subsidiary	17.4	**–**	1 283
Net cash outflow on investment in subsidiary	17.4	**(184 315)**	–
Net cash outflow on disposal of subsidiary	17.4	**–**	(1 266)
Net cash outflow on investment in preference shares		**(3 500)**	–
Dividends received from associates		**5 970**	5 888
Principal receipts from lease receivables	4	**6 494**	11 523
Loan to associate	3	**(30 090)**	(10 592)
Loan repayment from associate		**683**	1 806
Net cash outflow from investing activities		**(354 979)**	(117 463)
Cash flow from financing activities			
Net borrowings raised/(repaid)		**2 269**	(332 678)
Borrowings raised	17.5	**1 280 548**	24 883
Borrowings repaid	17.5	**(1 278 279)**	(357 561)
Settlement of interest rate swap		**11 825**	–
Non-controlling shareholder loans received/(repaid)	17.5	**711**	(836)
Principal repayments of lease obligations	4	**(85 682)**	(77 832)
Lease incentives received		**–**	1 486
Share-based payment grant settlements		**(6 804)**	(4 446)
Acquisition of additional interest in subsidiaries	17.4	**–**	(18 580)
Net cash outflow from financing activities		**(77 681)**	(432 886)
Net decrease in cash and cash equivalents		**(110 456)**	(17 595)
Foreign currency effect		**9 758**	(841)
Cash and cash equivalents at the beginning of the year		**333 435**	351 871
Cash and cash equivalents at the end of the year	8	**232 737**	333 435

Primary (business units) and secondary (geographical) segment report

for the year ended 28 February 2023

Operating segments

Operating segments are identified based on financial information regularly reviewed by the executive directors of the Group (identified as the Chief Operating Decision Maker (CODM)) for IFRS 8 – *Operating Segments* for performance assessments and resource allocations. The Brands, Supply Chain and Corporate Business reportable segments are operating segments, differentiated by the activities that each undertakes. The AME and UK business reportable segments, which are franchise businesses, are differentiated by the regions in which they operate.

The principal activities of the segments are as follows:

Brands

Leading Brands and Signature Brands are primarily franchised and some company-owned restaurants exist. The Leading (mainstream) brands portfolio is segmented into Quick Service and Casual Dining brands. Two of the Signature (niche) brands are partially owned subsidiaries of the Group.

Supply chain

The integrated supply chain consists of Manufacturing and Logistics operations which support the Brands business in South Africa and selected markets in the rest of Africa. Retail sells products to retailers.

Corporate

The Corporate segment consists of costs related to central head office services and other administrative costs not relevant to operations. Corporate services support the entire Group.

United Kingdom (UK)

This division comprises the Group's brand business in the UK (Wimpy).

Rest of Africa and Middle East (AME)

This division comprises the Group's brands in the AME region. The Group is represented in 16 countries in the region.

	2023 R000	**2022 R000**
Revenue*		
Leading brands	**903 992**	772 614
Signature brands	**202 686**	145 251
Supply Chain	**5 152 989**	4 495 536
Manufacturing	**3 005 582**	2 769 990
Logistics	**4 705 017**	4 051 537
Retail	**273 140**	222 123
Eliminations	**(2 830 750)**	(2 548 114)
Marketing fees	**612 166**	583 277
Corporate	**2 224**	1 274
South Africa	**6 874 057**	5 997 952
United Kingdom – Wimpy	**142 224**	132 586
Rest of Africa and Middle East	**427 643**	345 816
Revenue	**7 443 924**	6 476 354

* *Nature of goods and services for each segment is detailed in note 12.*

Operating segments (continued)

	2023 R000	2022 R000
Operating profit		
Leading brands	**461 481**	370 761
Signature brands	**13 569**	(7 748)
Supply Chain	**416 021**	361 474
Manufacturing	**301 709**	299 397
Logistics	**114 162**	60 442
Retail	**150**	1 635
Corporate	**(33 002)**	(120 952)
Share-based payment charge	**(42 934)**	(41 098)
Consolidation entries	**(6 932)**	(8 725)
Corporate administration costs*	**16 864**	(71 129)
South Africa	**858 069**	603 535
United Kingdom – Wimpy	**19 051**	16 982
Rest of Africa and Middle East	**24 457**	34 131
Operating profit before impairment of intangible assets	**901 577**	654 648
Impairment of intangible assets	**(40 643)**	(25 090)
Signature brands	**(5 366)**	–
United Kingdom – Wimpy	**(35 277)**	(25 090)
Operating profit	**860 934**	629 558
Net finance costs	**(81 920)**	(107 501)
Share of profit of associates	**8 685**	260
Impairment of loan/investment in associate	**(18 454)**	(8 262)
Tax	**(213 986)**	(158 555)
Total profit for the year	**555 259**	355 500

* *Corporate administration cost include the GBK liquidation dividends of GBP 3.8 million (R74.7 million) recognised in other income.*

No segment assets or liabilities have been disclosed as such information is not regularly provided to the CODM.

Operating segments (continued)

	2023 R000	2022 R000
Segmental operating margins after impairments		
Leading brands	**51.0%**	48.0%
Signature brands*	**4.0%**	(5.3%)
Supply Chain	**8.1%**	8.0%
Manufacturing	**10.0%**	10.8%
Logistics	**2.4%**	1.5%
Retail	**0.1%**	0.7%
South Africa	**12.5%**	10.1%
United Kingdom – Wimpy*	**(11.4%)**	(6.1%)
Rest of Africa and Middle East	**5.7%**	9.9%
Total	**11.6%**	9.7%
Geographical allocation of revenue		
United Kingdom	**142 224**	132 586
Botswana	**343 399**	285 156

* *Refer to note 2 for details on impairment.*

The table below sets out the geographical location of non-current assets excluding deferred tax assets and lease receivables.

	2023 R000	2022 R000
Geographical allocation of non-current assets		
South Africa	**1 491 407**	1 239 661
United Kingdom	**154 494**	177 729
Botswana	**130 610**	96 026
Rest of Africa and Middle East (excluding Botswana)	**15 872**	19 277
Total	**1 792 383**	1 532 693
Additions to non-current assets by segment**		
Leading brands	**27 847**	23 355
Signature brands	**4 514**	20 843
Manufacturing	**44 097**	56 501
Logistics	**33 570**	2 629
Retail	**2 583**	137
Corporate	**13 197**	5 887
South Africa	**125 808**	109 352
Rest of Africa and Middle East	**33 332**	30 247
United Kingdom	**3 142**	78
Total	**162 282**	139 677

** *Relates to property, plant and equipment, and intangible assets, excludes acquisition of subsidiaries.*

Statement of compliance

for the year ended 28 February 2023

Reporting entity

Famous Brands Limited (Famous Brands or the company) is a holding company domiciled in South Africa and is listed on the JSE Limited under the category Consumer Services: Travel and Leisure. Famous Brands is Africa's leading quick service and casual dining restaurant franchisor. The consolidated financial statements (financial statements) of Famous Brands comprise the company and its subsidiaries (together referred to as the Group) and the Group's investments in associates.

Famous Brands owns brands which are represented by restaurants locally and internationally. The business model mainly consists of business relationships between Famous Brands as the franchisor and various franchise partners whereby the franchise partners use the Famous Brands intellectual property and sell menu items to consumers. Famous Brands earns sales-based royalty income ("Franchise fee revenue"), based on a percentage of these restaurant turnovers.

Our brands are supported by a vertically integrated business, in our supply chain division which comprises our manufacturing, logistics, and retail operations. The primary function of our supply chain division is to sell ingredients and products to franchise partners. Franchise fee revenue and manufacturing and logistics revenue is earned from our franchise partners, who are Famous Brands' customers. Retail operations (part of supply chain) earns revenue from product sales to retailers.

The nature of goods and services is detailed in the Operating Segment and revenue streams as detailed in Note 12 *Revenue*. Information on the Group's structure and information on related parties is provided in relevant notes to the consolidated financial statements.

Statement of compliance

The financial statements have been prepared in accordance with IFRS and its interpretations adopted by the IASB in issue and effective for the Group at 28 February 2023, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, JSE Listings Requirements and the Companies Act of South Africa. The consolidated financial statements were approved by the Board of Directors on 22 May 2023.

Accounting policies

These accounting policies are consistent with the previous year, except for the changes set out in Note 1.5 *Adoption of new standards, amendments to standards and interpretations.*

1.1 Basis of preparation

Presentation currency

The financial statements are presented in South African Rand (Rand), which is the Group's presentation currency. All financial information presented in Rand has been rounded to the nearest thousand (R000) except when otherwise indicated.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value or at amortised costs, and incorporate the principal accounting policies set out below and in the respective disclosure notes.

The going concern basis has been used in preparing the financial statements as the directors have a reasonable expectation that the Group will continue as a going concern for the foreseeable future, refer to Note 31 *Going Concern.*

Accounting policies (continued)

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of Famous Brands Limited and its subsidiaries and associates up to 28 February 2023.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Non-controlling interests are measured at the proportionate share of the fair value of the acquiree's identifiable net assets. Losses incurred by subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interests.

Transactions that result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, and there is a loss of control, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity are derecognised.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets transferred, liabilities incurred or assumed and equity instruments issued. Acquisition costs directly attributable to the business combination are expensed in profit or loss.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non- controlling interest less the fair value of the identifiable assets and liabilities of the acquiree. Goodwill recognised on consolidation of foreign entities is considered an asset of that foreign group. In such cases, the goodwill is translated to the presentation currency of the Group at the end of each reporting period with the adjustment recognised in equity through other comprehensive income.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at the acquisition date. On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes.

Business combinations in which all the combining entities or businesses are ultimately controlled by the same party/parties before and after the business combination (and where control is not transitory) are referred to as common control business combinations. The Group applies the predecessor value method (pooling of interest method). This requires accounting for the assets and liabilities of the acquired business using existing carrying values as reflected in the consolidated financial statements of the selling entity. No new goodwill is recorded. The difference between the acquirer's cost of investment and the acquiree's equity is presented as a separate reserve within equity on consolidation.

Accounting for subsidiaries

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 *Business Combinations* are recognised at their fair values at acquisition date.

The results of subsidiaries are included in profit or loss from the effective date of acquisition up to the effective date of disposal.

Accounting policies (continued)

1.2 Basis of consolidation (continued)

Non-controlling interests

Non-controlling interests that arise from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss.

Investment in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, from date of acquisition, except when the investment is classified as held-for-sale in accordance with IFRS 5 *Non-current Assets Held-for-Sale and Discontinued Operations*.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, an excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss as part of the equity-accounted profit of the associate in the period in which the investment is acquired.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost, adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate less any impairment losses and dividends received. When the Group's share of losses exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses.

Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. The Group in applying the equity method uses the most recent available financial statements and management accounts of the associate.

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains where significant influence is no longer applicable, that investment is measured to fair value and recognised in accordance with IFRS 9, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.3 Translation of foreign currencies

Foreign currency transactions

The Rand is the functional currency of the parent entity and the presentation currency of the Group. Cash flows arising from transactions in a foreign currency are recorded in Rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

A foreign currency transaction is recorded, on initial recognition in Rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing exchange rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Accounting policies (continued)

1.3 Translation of foreign currencies (continued)

Foreign currency transactions (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated financial statements, are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Foreign operations

The results and financial position of a foreign operation are translated into the presentation currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at average exchange rates that approximate the foreign exchange rates prevailing at each of the transaction dates; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a foreign currency translation reserve.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the foreign currency translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of the net investment.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the average rate of the year or period.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interest.

When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

1.4 Significant judgements and estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are presented within each relevant disclosure note to the financial statements.

Accounting policies (continued)

1.5 Adoption of new standards, amendments to standards and interpretations

The Group adopted the following new, revised and amendments to standards applicable for the first time in the current financial year, which did not have a material impact on the financial statements:

IFRS 3 *Business Combinations* (Amendment) – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Amendment) – The amendments specifies which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

IAS 16 *Property, Plant and Equipment* (Amendment) – The amendments prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

IFRS 16 *Leases* Illustrative Example 13 (Amendment) – The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

IFRS 9 *Financial Instruments* (Amendment) – This amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

IFRS 1 *First-time adoption* of IFRS (Amendment) – The amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards.

Accounting policies (continued)

1.6 New standards, amendments to standards and interpretations in issue not yet effective

The Group has chosen not to early adopt the following amendments and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 March 2023 or later periods. Management is determining the impact of the standard on the financial statements however no significant impact is expected.

Standard	Effective date (for financial years beginning on or after)
IAS 1 *Presentation of Financial Statements and Practice Statements 2* (Amendments)	
Amendments intended to help preparers in deciding which accounting policies to disclose in their financial statements.	1 January 2023
IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendments)	
These amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with new definition of accounting estimates.	1 January 2023
IAS 12 *Deferred tax related to assets and liabilities arising from a single transaction* (Amendment)	
The amendment requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
IFRS 16 *Leases* Liability in a sale and leaseback (Amendment)	
The amendment requires a seller-lessee to subsequently measure lease liabilities from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.	1 January 2024
IAS 1 *Presentation of Financial Statements* Classification of liabilities as current or non-current (Amendments)	
Narrow scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.	1 January 2024
IAS 1 *Presentation of Financial Statements* Non-current liabilities with covenants (Amendment)	
The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	1 January 2024

Notes to the consolidated financial statements

for the year ended 28 February 2023

	Land and buildings R000	Leasehold improvements R000	Plant and equipment R000	Motor vehicles R000	Computer equipment R000	Furniture, fittings and office equipment R000	Right-of-use assets R000	Total R000
1. Property, plant and equipment								
Carrying amount at 1 March 2021	30 850	58 698	185 561	47 578	17 622	37 143	289 646	667 098
Cost	43 533	104 331	554 139	121 216	91 155	82 514	397 124	1 394 012
Accumulated depreciation and impairment	(12 683)	(45 633)	(368 578)	(73 638)	(73 533)	(45 371)	(107 478)	(726 914)
Additions	32 145	26 951	34 057	7 797	9 258	12 694	66 209	189 111
Foreign currency translation	–	(688)	94	(845)	(156)	(1 281)	(1 667)	(4 543)
Disposals	(14)	(2 206)	(8 125)	(2 773)	(113)	(325)	(13 912)	(27 468)
Disposal of subsidiaries	–	(690)	(3 569)	(40)	(233)	(362)	(3 603)	(8 497)
Depreciation	(3 357)	(15 867)	(43 642)	(16 055)	(11 223)	(7 875)	(76 992)	(175 011)
Remeasurements	–	–	–	–	–	–	(248)	(248)
Carrying amount at 1 March 2022	**59 624**	**66 198**	**164 376**	**35 662**	**15 155**	**39 994**	**259 433**	**640 442**
Cost	**75 540**	**123 744**	**550 129**	**118 848**	**92 412**	**90 612**	**432 081**	**1 483 366**
Accumulated depreciation and impairment	**(15 916)**	**(57 546)**	**(385 753)**	**(83 186)**	**(77 257)**	**(50 618)**	**(172 648)**	**(842 924)**
Additions	**4 330**	**10 598**	**60 442**	**32 453**	**18 035**	**16 754**	**129 724**	**272 336**
Foreign currency translation	**1 435**	**(363)**	**(1 901)**	**(1 111)**	**546**	**2 165**	**3 353**	**4 124**
Disposals	**(670)**	**(1 930)**	**(1 787)**	**(1 400)**	**(114)**	**(210)**	**(11 111)**	**(17 222)**
Derecognition of related party lease*	**–**	**–**	**–**	**–**	**–**	**–**	**(25 620)**	**(25 620)**
Acquisition of subsidiaries**	**179 515**	**526**	**–**	**83**	**–**	**552**	**–**	**180 676**
Depreciation	**(2 305)**	**(18 147)**	**(38 123)**	**(13 911)**	**(9 811)**	**(8 091)**	**(88 168)**	**(178 556)**
Transfers	**–**	**–**	**–**	**–**	**398**	**–**	**–**	**398**
Remeasurements	**–**	**–**	**–**	**–**	**–**	**–**	**27 570**	**27 570**
Carrying amount at 28 February 2023	**241 929**	**56 882**	**183 007**	**51 776**	**24 209**	**51 164**	**295 181**	**904 148**
Cost	**259 554**	**125 550**	**590 839**	**145 562**	**78 239**	**110 179**	**498 389**	**1 808 312**
Accumulated depreciation and impairment	**(17 625)**	**(68 668)**	**(407 832)**	**(93 786)**	**(54 030)**	**(59 015)**	**(203 208)**	**(904 164)**

The cost and net carrying amount of the land within land and buildings is R84 million (2022: R14 million).

* *Derecognition of related party lease at group as the property is owner-occupied, refer to note 29.*

** *Refer to note 17.4 for details relating to the acquisition of subsidiaries.*

1. Property, plant and equipment (continued)

Significant judgements and estimation uncertainty

The depreciation methods, estimated remaining useful lives and residual value of each asset are reviewed at the end of each year. The estimation of the useful lives of property, plant and equipment is based on historic performance as well as expectations about future use and therefore requires a degree of judgement to be applied by management. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Item	Useful life
Buildings	50 years
Leasehold improvements	Over expected remaining term of the lease
Right-of-use assets	Over expected remaining term of the lease
Plant and equipment	5 to 15 years
Furniture, fixtures and office equipment	4 to 10 years
Motor vehicles	5 to 8 years
Computer equipment	3 to 5 years

Accounting policy

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses and is depreciated on the straight-line basis over their expected useful lives. Land is not depreciated as it has an indefinite useful life.

Cost

Items of property, plant and equipment are initially measured at cost. Cost includes those costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it. If a replacement cost is recognised in the carrying amount of an item of property plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation

Each part of an item of property, plant and equipment, with a cost that is significant in relation to the total cost of the item, is depreciated separately.

The depreciation charge for each year is recognised in profit or loss. Depreciation commences once the asset is available for use.

Impairment

Property, plant and equipment is assessed for impairment as non-financial assets in accordance with accounting policy in Note 13 *Profit before tax*.

Derecognition

The gain or loss arising from the derecognition on disposal, when no further economic benefits are expected from use or disposal of an item of property, plant and equipment is included in profit or loss when the item is derecognised.

Insurance compensation

Any compensation from third parties for losses of items of property, plant and equipment is recognised as separate economic events from the derecognition and subsequent purchase of replacement assets. The compensation is recognised as income in profit or loss when it becomes receivable.

2. *Intangible assets*

	Trademarks and Brand names R000	Goodwill R000	Franchise incentives and similar R000	Computer software R000	Total R000
Carrying amount at 1 March 2021	353 203	508 013	37 055	19 179	917 450
Cost	464 572	584 129	83 760	89 801	1 222 262
Accumulated amortisation and impairment	(111 369)	(76 116)	(46 705)	(70 622)	(304 812)
Additions	–	2 076	9 290	5 409	16 775
Foreign currency translation	(1 969)	(3 471)	(2 053)	336	(7 157)
Disposals	–	–	(4 918)	(505)	(5 423)
Disposal of subsidiaries	(3 750)	–	–	(95)	(3 845)
Amortisation	–	–	(8 375)	(12 704)	(21 079)
Impairment	–	(25 090)	–	–	(25 090)
Carrying amount at 1 March 2022	**347 484**	**481 528**	**30 999**	**11 620**	**871 631**
Cost	**455 075**	**583 044**	**84 505**	**97 753**	**1 220 377**
Accumulated amortisation and impairment	**(107 591)**	**(101 516)**	**(53 506)**	**(86 133)**	**(348 746)**
Additions	**200**	**–**	**5 798**	**13 672**	**19 670**
Foreign currency translation	**7 632**	**4 803**	**(141)**	**–**	**12 294**
Disposals	**(204)**	**(2 520)**	**(478)**	**(1 010)**	**(4 212)**
Acquisition of subsidiaries	**–**	**–**	**6 418**	**–**	**6 418**
Transfers	**–**	**–**	**–**	**(398)**	**(398)**
Amortisation	**–**	**–**	**(8 315)**	**(5 987)**	**(14 302)**
Impairment	**(5 366)**	**(35 277)**	**–**	**–**	**(40 643)**
Carrying amount at 28 February 2023	**349 746**	**448 534**	**34 281**	**17 897**	**850 458**
Cost	**474 088**	**591 394**	**80 861**	**74 048**	**1 220 391**
Accumulated amortisation and impairment	**(124 342)**	**(142 860)**	**(46 580)**	**(56 151)**	**(369 933)**

The goodwill impairment loss of R35.3 million (2022: R25.1 million) recognised in the current financial year relates to Venus Solutions Ltd, as a result of the changes in key assumptions and cash flows achieved compared to the forecast based on the current difficult operating environment. The recoverable amount determined based on the value-in-use was R39.1 million.

The trademark and brand name impairment loss of R5.4 million (2022: Rnil) recognised in the current financial year relates to a brand in Signature Brands affected by slower recovery after Covid-19. The present value of the estimated future royalty cash flows determined was R8.5 million.

Intangible assets amortisation and impairments have been included in their respective line captions on the statement of profit or loss and other comprehensive income.

2. Intangible assets (continued)

Significant judgements and estimation uncertainty

Trademarks and brand names

The Group's trademarks and brand names that have been assessed as indefinite life intangible assets and are disclosed above. In arriving at the conclusion that a brand has an indefinite life, management considers that the Group is a brands business and expects to acquire, hold and support brands for an indefinite period. The Group supports its brands through spending on consumer marketing and through significant investment in promotional support.

Indefinite life trademarks are assessed as such, as management believes there is no foreseeable limit over which the Group will continue to generate revenues from their continued use. Supporting this assumption is the fact that the brands held are established, well known, and can reasonably be expected to generate revenues beyond the Group's strategic planning horizon. In addition, the Group can continue to renew legal rights attached to such trademarks, without significant costs, and intends to do so beyond the foreseeable future.

Franchise incentives and similar

Franchise incentives or inducement are offered to franchise partners as a non-returnable contribution underpinned by a franchise agreement of at least five years. Typically related to projects of a strategic nature.

Computer software

Computer software relates to mainly acquired computer software licences and systems.

Impairment reviews of goodwill and intangible assets with indefinite useful life

For the purposes of impairment testing, goodwill is allocated to cash-generating units. Carrying amounts of significant goodwill and intangible assets with indefinite useful life are detailed below.

	2023 R000	2022 R000
Trademarks and brand names		
Domestic		
Wimpy, Debonairs Pizza, FishAways, Milky Lane, Steers, Vovo Telo, KEG, Mugg & Bean, Europa, Fego Caffe, Mythos, WakaberryTM, Cater Chain, Catch, Tru Fruit and Lamberts Bay Foods*	**244 483**	249 804
International		
Wimpy (UK)	**105 263**	97 680
	349 746	347 484
Goodwill		
Domestic		
Wimpy, Debonairs Pizza, FishAways, Steers, Famous Brands Coffee Company, Creative Coffee, Turn n Tender, Cater Chain, Lupa, Salsa, Tru Bev, Retail Group Botswana and Dial n Dine*	**409 453**	409 499
International		
Venus Solutions Ltd	**39 081**	72 029
	448 534	481 528

* *Wakaberry trademark and goodwill are fully impaired.*

2. *Intangible assets (continued)*

Impairment calculations

The recoverable amounts of trademarks, brand names and goodwill have been determined on the basis of value-in-use calculations. These intangible assets are considered on an individual basis for impairment assessment. Value in-use calculations use cash flow projections based on 2024 financial year budgets and projected future years, approved by management, refer to Note 13 *Profit before tax* for details on impairment processed.

Significant inputs and assumptions are as follows:

	UK-based intangibles		Domestic-based intangibles**	
	2023	2022	**2023**	2022
Royalty rates*	**–**	–	**4.6% – 5.7%**	4.6% – 5.7%
Discount rates applied to the projected future cash flows***	**17%**	13%	**16% – 18%**	14% – 17%
Terminal growth rates	**2%**	2%	**2%**	2%
Forecast revenues and profits (goodwill)	**5 years**	5 years	**5 years**	5 years

* *Wimpy (UK) brand and trademark are assessed centrally for domestic and international operations hence UK-based royalty rates are not applicable.*
** *Domestic includes South Africa and Africa-based intangibles.*
*** *The range in discount rates applies to all trademarks and brands, and goodwill allocated to cash-generating units.*

Significant judgements and estimation uncertainty

The amortisation methods, estimated remaining useful lives and residual value of each asset are reviewed at the end of each year. The estimation of the useful lives for intangible assets with definite life is based on historic performance as well as expectations about future use and therefore requires a degree of judgement to be applied by management. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

The useful lives of items of intangible assets have been assessed as follows:

Item	*Useful life*
Trademarks	Indefinite
Franchise incentives or similar	Agreement period
Computer software	3 to 5 years
Brand names	3 years to indefinite

Accounting policy

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The amortisation charge, if any, for each period, is recognised in profit or loss.

Internally generated brands, franchise agreements, recipes, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation

Goodwill, trademarks and brand names are regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. However these assets are tested for impairment on an annual basis. If goodwill is assessed to be impaired, the impairment loss is recognised in profit or loss and is not subsequently reversed.

Amortisation is not provided for intangible assets with indefinite life. For all other intangible assets, amortisation is provided on a straight-line basis over their useful lives. The amortisation period and the amortisation method for intangible assets are reviewed every year end.

2. Intangible assets (continued)

Accounting policy (continued)

Impairment

Intangible assets are assessed for impairment as non-financial assets in accordance with accounting policy in Note 13 *Profit before tax*.

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

3. Investments in associates

	2023 Carrying amount R000	2022 Carrying amount R000
Name of associate		
UAC Restaurants Ltd	**–**	–
Sauce Advertising (Pty) Ltd	**5 472**	5 141
DHQ Interior Brands Architects (Pty) Ltd*	**3 357**	2 135
FoodConnect (Pty) Ltd	**3 236**	2 075
Investments in associates	**12 065**	9 351
UAC Restaurants Ltd**	**22 228**	10 592
Gross amount	**40 682**	10 592
Impairment	**(18 454)**	–
DHQ Interior Brands Architects (Pty) Ltd*	**(6)**	677
Loans to associates	**22 222**	11 269

* *Previously trading as Famous Brands Design Studio (Pty) Ltd.*

** *The loan to UACR matures in December 2027 and accrues interest at 12% per annum. Both shareholders have provided a letter of support in favour of UACR.*

	2023 Carrying amount R000	2022 Carrying amount R000
Group's share on aggregated information of associates that are not individually material:		
Profit for the year	**8 685**	7 663
Total comprehensive income	**8 685**	7 663

3. *Investments in associates (continued)*

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents the associate's financial statements prepared in accordance with IFRS, in associate's functional currency.

UAC Restaurants Ltd (UACR)

UACR is a subsidiary of UAC of Nigeria Plc, a leading diversified conglomerate with operations in foods, paints, logistics and real estate, listed on the Nigerian Stock Exchange. UACR has a December year end.

	2022 31 December N000	**2021 31 December N000**
Percentage of ownership interest held by Famous Brands (%)	**49**	49
Current assets	**904 059**	932 574
Non-current assets	**2 222 107**	506 315
Current liabilities	**(1 197 893)**	(622 111)
Non-current liabilities	**(2 914 399)**	(973 324)
Net liabilities of the associate	**(986 126)**	(156 546)
Revenue	**3 075 255**	2 208 183
Loss from operations	**(813 723)**	(508 893)
Loss for the year	**(829 578)**	(514 415)
Total comprehensive loss for the year	**(829 578)**	(514 415)

	2023 28 February R000	**2022 28 February R000**
Reconciliation of the carrying amount of the interest in UAC Restaurants Limited		
Balance at the beginning of the year	**–**	15 665
Share of losses	**–**	(7 403)
Impairment loss	**–**	(8 262)
Carrying amount of investment in UAC Restaurants Limited	**–**	–

The investment in UACR was fully impaired in February 2022. The fair value of R22 million for the loan was determined on a value-in-use approach comprising a discounting of future cash flows, thus providing an impairment of R18.5 million. Total comprehensive loss for the year not recognised is R16.3 million.

Key assumptions used in the valuation includes the projected cashflow forecasts, future store growth and a discount rate. A discount rate of 24.4% (2022: 20.9%) was applied.

Changes in key assumptions, as well as the actual cash flows achieved compared to those forecast has resulted in impairments in the UACR business. The model was dependent on the achievement of the future store roll-out plan and the profits over the long term.

Sensitivity analysis on value-in-use assessment

An increase/(decrease) of 1% in the discount rate will result in a decrease of R4.5 million (2022: R17 million) and an increase of R5.6 million (2022: R20.9 million) in the recoverable amount.

4. Leases

The Group has commitments arising from 91 property leases for its own business operations and leases entered into to secure key sites for franchised outlets. With regard to leases entered into to secure key sites, it is the Group's policy to enter into sub- lease agreements with the franchise partners on the same terms and conditions as those in the main lease.

Lease rentals for South African operations are negotiated on an average term of four years and escalated at an average rate of between 7% and 8% per annum. No contingent rent is payable.

Lease rentals for UK operations are negotiated on an average term of 10 years, with longer terms based on rent review scheduled on average, every five years based on market conditions existing at the time of review. In addition to the base rent, a number of lease agreements include additional rent based upon turnover achieved in any set period, over an agreed threshold for that period. No other contingent rent is payable.

Lease rentals for Botswana operations are negotiated on an average term of four to five years and an average escalation rate of between 6% and 8%.

	2023 R000	2022 R000
4.1 Amounts recognised in the Statement of Financial Position		
Lease liabilities		
Balance at the beginning of the year	**321 334**	345 076
Disposals	**(15 879)**	(35 759)
Derecognition of related party lease*	**(33 503)**	–
Additions	**128 201**	93 711
Principal repayments of lease obligations	**(85 682)**	(77 832)
Accretion of interest	**29 276**	28 313
Payments	**(114 958)**	(106 145)
Re-measurements	**20 752**	(2 081)
Foreign currency translation movement	**3 714**	(1 781)
Balance at the end of the year	**338 937**	321 334
Maturity analysis		
Current liabilities	**51 473**	89 225
Non-current liabilities	**287 464**	232 109
Balance at the end of the year	**338 937**	321 334
Maturity analysis (gross cash flows)		
Gross future minimum rentals payable		
Payable within the next 12 months	**97 637**	98 929
Payable two to five years	**249 604**	218 811
Payable thereafter	**82 853**	44 256
Total gross future minimum rentals payable	**430 094**	361 996
Less: future finance charges	**(91 157)**	(40 662)
Present value of minimum lease payments	**338 937**	321 334

Finance costs are disclosed under note 14.1.

* *Derecognition of related party lease at Group as the property is owner-occupied, refer to note 29 for details on acquisition of subsidiary.*

4. Leases (continued)

4.1 Amounts recognised in the Statement of Financial Position (continued)

	2023 R000	2022 R000
Right of use assets		
Carrying amount at the beginning of the year	**259 433**	289 646
Land and buildings	**231 614**	242 827
Plant and equipment	**25 299**	38 922
Motor vehicles	**2 520**	7 897
Additions	**129 724**	66 209
Foreign currency translation	**3 353**	(1 667)
Disposals	**(11 111)**	(13 912)
Derecognition of related party lease	**(25 620)**	–
Depreciation	**(88 168)**	(76 992)
Land and buildings	**(76 484)**	(69 732)
Plant and equipment	**(11 684)**	(5 501)
Motor vehicles	**–**	(1 759)
Disposal of subsidiaries	**–**	(3 603)
Remeasurements	**27 570**	(248)
Carrying amount at the end of the year	**295 181**	259 433
Land and buildings	**253 970**	231 614
Plant and equipment	**41 211**	25 299
Motor vehicles*	**–**	2 520

* *During the 2023 financial year, the owner-driver agreements were revised, thus leases classified as motor vehicles were derecognised as right-of-use assets as the agreements are no longer within IFRS 16 recognition criteria.*

Lease receivables – Head leases

The Group enters into head-leases over strategic franchise sites which are sub-leased to franchisees. The average age of leases is five years. All lease contracts contain market review clauses in the event that the lessee exercises its option to renew. To manage the risk relating to the underlying assets, prospective franchisees are vetted thoroughly to ensure that they will be able to satisfy the financial obligations inherent to a franchise. The majority of leased properties are situated in strategic locations, which makes it easy for the Group to run them as a Company-owned store in an instance where the franchise partner is unable to continue running the store.

	2023 R000	2022 R000
Lease receivables – Head leases		
Carrying amount at the beginning of the year	**22 106**	26 259
Additions	**312**	25 704
Disposals	**(4 369)**	(19 636)
Remeasurements	**(2 393)**	1 302
Principal lease receipts	**(6 494)**	(11 523)
Lease receipts	**(7 740)**	(13 873)
Finance income	**1 246**	2 350
Carrying amount at the end of the year	**9 162**	22 106

4. Leases (continued)

4.1 Amounts recognised in the Statement of Financial Position (continued)

	2023 R000	2022 R000
Lease receivables – Head leases (continued)		
Gross future minimum rentals receivable		
Receivable within the next 12 months	**4 258**	10 654
Receivable within one and two years	**2 589**	12 665
Receivable within two and three years	**1 905**	557
Receivable within three and four years	**1 084**	12
Total undiscounted lease payments receivable	**9 836**	23 888
Less: unearned finance income	**(674)**	(1 782)
Net investment in lease receivables	**9 162**	22 106
Receivable within the next 12 months	**2 152**	8 470
Receivable within two to five years	**7 010**	13 636
Net investment in lease receivables	**9 162**	22 106

4.2 Amounts recognised in the statement of profit or loss and other comprehensive income

The Group has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis during the year.

	2023 R000	2022 R000
Short-term leases	**21 935**	27 783
Lease of low value assets	**6 786**	6 808
Variable lease charges	**58**	113
	28 779	34 704

Details of the lease rentals and commitments are disclosed in note 19.

4.3 Amounts recognised in the statement of cashflows

	2023 R000	2022 R000
Principal payments on lease obligations	**(85 682)**	(77 832)
Principal receipts from lease receivables	**6 494**	11 523

Significant judgements and estimation uncertainty

At the commencement date, a lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate (IBR) is used. IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The determination of the discount rate considers various factors including forecasted yields, lease period, geographical location, credit spread of the entity and nature of asset being leased. Management judgement in determining which factors should be considered in calculating the IBR.

Extension and termination options are included in several leases across the Group. These terms are used to maximise operational flexibility in the management of contracts. The Group applied judgement to determine the lease term for some of the lease contracts, in which it is a lessee, that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised.

4. Leases (continued)

Significant judgements and estimation uncertainty (continued)

Where applicable the cost of the right-of-use assets include an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The provision is calculated based on actual current quotes and adjusting these with inflation to estimate the future costs, the present value of the future costs is discounted using the rate applicable in the lease.

Accounting policy

Famous Brands as lessee

To the extent that a right-of-control exists over an asset subject to a lease, with a lease term exceeding one year, a right-of-use asset, representing the Group's right to use the underlying leased asset, and a lease liability, representing the Group's obligation to make lease payments, are recognised in the consolidated statement of financial position at the commencement of the lease.

The Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised; and
- lease payments to be made under reasonably certain extension options.

Subsequent measurement for the lease liability is at amortised cost using the effective interest method and finance charge is recognised in profit or loss.

The lease liability is remeasured when there is a modification, change in lease term, lease payments arising from a change in an index or rate, estimate of the amount expected to be payable under residual value guarantee, assessment of whether it will exercise purchase, extension, or termination option or if there is a revised in-substance fixed lease payment. With the rent concession credits, the Group opted to adjust the carrying amount of the right of use asset and balance of the lease liability.

Lease expenses (costs related to leases with a duration of one year or less, variable lease payments (i.e., turnover rentals) and low-value assets (new assets less than R70 000 at inception date) are charged to profit or loss on a straight-line basis over the lease term.

The right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for remeasurement of lease liabilities. The cost includes:

- the amount of initial measurement of the lease liability;
- any initial direct costs incurred less lease incentives received;
- any advance lease payments; and
- an estimate of the dismantling, removal and restoration costs required in terms of the lease.

The right-of-use asset is depreciated to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and charged to profit or loss. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

Provision for dismantling is recognised when the Group has a present legal or constructive obligation as a result of a past event, and when it is probable that it will result in an outflow of economic benefits that can be reasonably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in profit or loss.

Gains or losses on derecognition of leases are recognised in profit or loss.

4. Leases (continued)

Accounting policy (continued)

Famous Brands as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor (leases entered into for key sites), it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

5. Deferred tax

	2023 R000	2022* R000
Balance at the beginning of the year (net)	**(2 491)**	(25 714)
Foreign currency effect	**(1 141)**	(730)
Disposal of a subsidiary	**–**	(190)
Movement through profit and loss	**6 068**	24 599
Current year temporary differences	**12 481**	21 409
Change in rate	**(6 622)**	608
Prior year overprovision	**209**	2 582
Movement through other comprehensive income		
Current year temporary differences	**1 786**	(456)
Balance at the end of the year (net)	**4 222**	(2 491)
Analysis		
Excess capital allowances over depreciation and amortisation	**(162 573)**	(145 985)
Property, plant and equipment	**(39 971)**	(40 348)
Right of use assets	**(56 629)**	(46 331)
Intangible assets	**(65 973)**	(59 306)
Lease receivable	**(2 763)**	(5 216)
Effect of tax losses	**–**	1 048
Prepayments	**(9 809)**	(3 869)
Employee benefits	**19 775**	20 226
Lease liabilities	**68 537**	59 508
Marketing funds	**9 376**	3 614
Share-based payment scheme	**60 757**	51 817
Deferred income	**21 751**	19 044
Other temporary differences	**(829)**	(2 678)
	4 222	(2 491)
The balance comprises:		
Aggregate of deferred tax assets	**91 906**	78 519
Aggregate of deferred tax liabilities	**(87 684)**	(81 010)
	4 222	(2 491)

Tax losses of R4 million (2022 : R5 million) have not been recognised.

* *Prior year signage was changed to enhance this note. Assets are positive while liabilities are negative.*

5. Deferred tax (continued)

Significant judgements and estimation uncertainty

The Group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Accounting policy

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of the assets and liabilities at the reporting date.

Deferred tax is not recognised for the following temporary differences:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting or taxable profit (tax loss); and
- the parent can control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised in profit or loss, except to the extent that it relates to a transaction that is recognised directly in equity or other comprehensive income, or a business combination.

A deferred tax asset is recognised for the carry forward of unused tax losses and/or unutilised capital allowances and recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unutilised capital allowances can be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets are reviewed at each reporting year and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply during the period when the asset is realised or the liability settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset deferred tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle deferred tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

6. Inventories

	2023 R000	2022 R000
Finished goods	**333 757**	257 812
Raw materials	**172 470**	122 681
Stock in transit	**10 268**	8 191
Consumables	**14 716**	19 507
	531 211	408 191

When inventories are sold, the cost incurred relating to that inventory is recognised as an expense in cost of sales, for the period in which the related revenue is recognised. Inventory with a carrying amount of R10.4 million (2022: R26.9 million) was written down to its net realisable value of Rnil.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as reduction to the write off expenses.

The net cost of inventory sold reflected in cost of sales was R4.3 billion (2022: R3.6 billion).

Accounting policy

The inventories in the Group primarily consist of the following:

- Finished goods which includes items such as beef and chicken patties, cheese and coffee;
- Raw materials which relate to unprocessed product such as beef and coffee beans;
- Stock in transit which relates to distribution of finished goods; and
- Consumables such as spare parts.

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimate costs necessary to make the sale. The cost of manufactured inventory and work in progress includes materials and parts, direct labour, other direct costs and includes an appropriate portion of overheads but excludes interest expenses. The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the Group.

7. Trade and other receivables

	2023 R000	2022 R000
Net trade receivables	**442 550**	395 332
Trade receivables	**464 611**	418 209
Impairment allowance	**(22 061)**	(22 877)
Other receivables	**63 585**	27 267
Prepayments	**39 812**	14 140
VAT receivable	**4 676**	10 486
	550 623	447 225

The Group has a wide customer base and there is no significant concentration of credit risk. One debtor has a current balance in excess of 2% of the trade receivables balance amounting to R12.8 million (2022: R9 million).

The book value of trade and other receivables approximates the fair value due to the short-term nature of these receivables.

The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses based on the simplified approach, refer to note 25.4 for details on the impairment.

The Group does not hold any collateral security.

Other receivables include the marketing funds deficit balance.

		2023 R000	2022 R000
8.	***Cash***		
	Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position items:		
	Cash and cash equivalents	**310 934**	333 435
	Restricted cash*	**134 577**	122 793
	Bank overdraft	**(78 197)**	–
	Cash on hand and bank balances	**367 314**	456 228

* *Restricted cash relates to cash used for a specific purpose. It is 'ring-fenced' for franchise marketing services and not available to use for any other business operations. Marketing funds in South Africa are governed by the Consumer Protection Act (CPA). The funds are managed in accordance with this law, refer to note 12.*

Contributions to the Marketing Fund are deposited into a separate Marketing Fund bank account, managed accordingly and used for purposes of the fund only.

The fair value of cash and cash equivalents approximates its book value.

Accounting policy

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised costs and stated at carrying amount which reflects its fair value.

Bank overdrafts are viewed as part of cash and cash equivalents as they form an integral part of the Group's cash management.

Restricted cash relates to contributions from franchise partners for the marketing funds. The cash in the marketing funds is identified as restricted as it is not available for general use by the Group but is only available to fund future marketing costs in accordance with franchise agreements concluded between the Group and its franchisee partners.

		2023 R000	2022 R000
9.	***Equity reserves***		
	Share capital	**1 002**	1 002
	Share premium	**163 441**	163 441
		164 443	164 443
9.1	***Share capital***		
	Authorised		
	200 000 000 (2022: 200 000 000) ordinary par value shares of one cent each	**2 000**	2 000
	Issued		
	Total shares in issue 100 202 284 (2022: 100 202 284) ordinary par value shares of one cent each	**1 002**	1 002
	Unissued		
	99 797 716 (2022: 99 797 716) ordinary par value shares of one cent each	**998**	998
9.2	***Share premium***		
	Balance for the year	**163 441**	163 441

9. Equity reserves (continued)

9.2 Share premium (continued)

	2023 Number of shares	2022 Number of shares
Reconciliation of movements in the number of ordinary shares		
Authorised	**200 000 000**	200 000 000
Issued		
Shares in issue for the year	**100 202 284**	100 202 284

9.3 Cash flow hedge reserve

When accounting for cash flow hedges, the designated effective portions of a hedging relationship are recognised in other comprehensive income. Any changes in excess of the fair value of the designated component are recognised as ineffectiveness through profit or loss. The use of interest rate swaps as hedging instruments is discussed in note 25.2.

The table below shows a reconciliation of the reserve:

	2023 R000	2022 R000
Balance at beginning of the year	**(7 210)**	(6 037)
Recognition of interest swaps in other comprehensive income	**6 412**	(1 629)
Derecognition of interest swaps to profit and loss included in finance income	**12 200**	–
Recognition of interest swaps fair value movement in other comprehensive income	**(5 927)**	(1 576)
Reclassification from other comprehensive income to profit and loss (included in finance costs)	**139**	(53)
Deferred tax	**(1 786)**	456
Balance at end of the year	**(2 584)**	(7 210)

Accounting policy

Share capital and share premium

Share capital and share premium represent shares held by holders who are entitled to dividends declared from time to time and who are entitled to voting rights at general meetings held for the companies within the Group.

Non-distributable reserves

The reserve consists of share-based payment scheme recognised from share-based payments that are to be settled through equity once vesting conditions have been met, equity recognised for change in ownership interests when acquiring noncontrolling interests as well as put option reserves arising from initial designation of equity investment reserves, see details in Note 28 *Share-based payments reserve*. See further accounting policies on cash flow hedge reserve and change in ownership interest below.

Cash flow hedge reserve

The reserve includes the effective portion of fair value changes arising from cash flow hedges related to interest rate swap financial instruments entered into relating to borrowings raised for Group funding requirements.

Change in ownership interest

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 the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recognised in equity. Gains or losses on disposals to non-controlling interests are also recognised in equity, refer to Statement of changes in equity for movement.

Foreign currency translation reserve

The reserve includes all foreign currency differences arising from the translation of financial results included in the Group financial statements from foreign operations and exchange differences arising on a monetary item that forms part of a net investment in a foreign operation, refer to Statement of changes in equity for movements in the reserve.

	2023 R000	2022 R000
10. *Borrowings*		
Unsecured		
Long-term borrowings	**1 023 170**	881 670
Short-term borrowings	**116 693**	256 482
Short-term portion of borrowings	**115 126**	255 626
Non-controlling shareholder loans	**1 567**	856
	1 139 863	1 138 152

	Currency	Maturity date	Interest rate Nature	Interest rate Margin %	Interest rate Rate	2023 %	2022 %	2023 R000	2022 R000
Terms of repayment									
F2023									
Loan facility: Amortising loan	ZAR	Aug-27	variable	1.70	3-month JIBAR	**8.90**		**450 000**	
Loan facility: Revolving Credit Facility (RCF)	ZAR	Aug-25	variable	1.75	3-month JIBAR	**8.95**		**300 000**	
Loan facility: Revolving Credit Facility (RCF)	BWP	Apr-25	variable	0.40	Prime	**7.16**		**9 311**	
General Banking Facility (GBF)	ZAR	364 days	variable	1.80	Prime	**8.95**		**–**	
Loan facility: Amortising loan	ZAR	Aug-25	variable	1.70	3-month JIBAR	**8.90**		**150 000**	
Loan facility: Amortising loan	ZAR	Aug-26	variable	1.85	3-month JIBAR	**9.05**		**200 000**	
Loan facility: Term Loan	ZAR	Nov-26	fixed	1.50	Fixed	**12.25**		**5 768**	
Loan facility: Term Loan	GBP	Sep-25	fixed	–	Fixed	**2.00**		**8 651**	
Loan facility: Term Loan	ZAR	Aug-24	variable	1.75	Prime	**12.50**		**1 450**	
Loan facility: Term Loan	ZAR	Jan-32	variable	–	Prime	**10.75**		**13 116**	
Non-controlling shareholder loans*									
Dial and Dine (Pty)	ZAR							**199**	
Marathon Holdings (Pty) Ltd	ZAR							**1 368**	

* *Loans from non-controlling shareholders are unsecured, interest free and have no repayment terms.*

10. Borrowings (continued)

	Currency	Maturity date	Interest rate Nature	Margin %	Rate	2023 %	2022 %	2023 R000	2022 R000
F2022									
Loan facility: Amortising loan	ZAR	Aug-23	variable	2.30	3-month JIBAR		6.17		750 000
Loan facility: Revolving Credit Facility (RCF)	ZAR	Feb-24	variable	2.50	3-month JIBAR		6.37		350 000
General Banking Facility (GBF)	ZAR	364 days	variable	–	Prime		7.50		–
Loan facility: Term Loan	ZAR	Aug-26	variable	0.10	Prime		7.60		4 612
Loan facility: Term Loan	GBP	Sep-25	fixed	–	Fixed		2.02		11 077
Loan facility: Term Loan	ZAR	Nov-26	variable	1.50	Prime		9.00		7 403
Loan facility: Term Loan	ZAR	Jan-32	variable	–	Prime		7.50		14 058
Non-controlling shareholder loans*									
Dial and Dine (Pty)	ZAR								606
Marathon Holdings (Pty) Ltd	ZAR								250
								1 139 863	1 138 006
Interest accrued								**–**	146
								1 139 863	1 138 152

* *Loans from non-controlling shareholders are unsecured, interest free and have no repayment terms.*

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased/(decreased) profit or loss by R11 million (2022: R11 million).

Interest risk management

The Group utilises interest rate swap contracts to hedge its exposure to the variability of cash flows arising from unfavourable movements in interest rates, refer Note 25 *Financial instruments and risk management* for further details.

Facilities

- Total ZAR overdraft facility in place: R100 million (2022: R200 million). Unutilised portion at year end: R22 million (2022: R200 million).
- The Group has 3-year revolving loan facilities of R428 million (2022: R350 million). Unutilised portion is R118 million (2022: R750 million) at year end.
- The Group has 5 to 10-year amortising loans of R479 million (2022: R787 million), which is fully utilised.
- The Group has a 4.5-year amortising loan of R200 million (2022: Rnil). Unutilised portion is R200 million (2022: Rnil)
- The Group has a 3-year and a 4-year term bullet payment loans of R150 million (2022: Rnil) and R200 million (2022: Rnil) respectively, which are fully utilised.

Guarantees

Famous Brands Limited, Famous Brands Management Company (Pty) Ltd, Lamberts Bay Foods (Pty) Ltd, FB Signature Brands (Pty) Ltd are joint guarantors in terms of the loan agreement:

- Punctual performance by the Group of amounts due in the agreement;
- Immediate payment of amounts due which the Group has not paid; and
- To indemnify the lender against any cost, loss or liability it incurs as a result of the Group not paying amounts that are due.

11. Trade and other payables

	2023 R000	2022 R000
Trade payables and accruals	**568 975**	460 860
Trade payables	**377 968**	296 093
Accruals	**191 007**	164 767
Employee benefits	**95 711**	88 153
Deferred income	**9 843**	15 085
VAT payable	**22 736**	35 660
Put option written over the equity of non-controlling interest	**58 343**	75 478
	755 608	675 236

Accruals represent miscellaneous contractual liabilities that relate to expenses that were incurred, but not paid for at year end.

Deferred income relates to income received in advance for services to franchise partners such as project management for new build or restaurant revamp or call centre services or any ad hoc services from time to time. An amount of R15.1 million (2022: R12.6 million) included in deferred income from prior year has been recognised as revenue based on the Group satisfying the relevant performance obligations over time.

The book value of trade payables and other payables approximates their fair values due to the short-term nature of the instruments.

Put option written over the equity of non-controlling interest is evergreen and remeasured on operating profit annually based on the investee's profit before interest and tax. Current year movement relates to remeasurement.

12. Revenue

	2023 R000	2022 R000
Sales-based royalties		
Franchise fees revenue	**1 073 675**	918 225
Leading brands	**1 024 623**	881 774
Signature brands	**49 052**	36 451
Marketing fees revenue*	**612 166**	583 277
Leading brands	**598 700**	518 020
Signature brands	**13 466**	65 257
Revenue at point of sale		
Manufacturing revenue	**174 402**	221 876
Owned**	**29 119**	117 938
Subsidiary	**145 283**	103 938
Logistics revenue	**4 705 017**	4 051 537
Retail revenue	**273 140**	222 123
Company owned stores revenue	**563 369**	446 947
Leading brands (SA and AME)	**411 506**	338 147
Signature brands (SA)	**151 863**	108 800
Joining fees	**13 163**	7 723
Revenue over time		
Service revenue	**28 992**	24 646
Revenue from contracts with customers	**7 443 924**	6 476 354

* *Marketing fees revenue relate to funds contributed by franchise partners for the various brands across the Group and are administered in line with the Consumer Protection Act ("CPA").*

Additional analysis of revenue is provided in the primary (business units) and secondary (geographical) segment report based on the information reviewed by the CODM.

** *Owned relates to Famous Brands Management Company (Pty) Ltd plants.*

12. Revenue (continued)

Significant judgements and estimation uncertainty

Famous Brands' vertically integrated business model comprises a portfolio of 17 brands represented by a franchise network of restaurants across South Africa (SA), the Rest of Africa and Middle East (AME), and the United Kingdom (UK), underpinned by substantial Logistics and Manufacturing operations.

The business model consists of business relationships between Famous Brands as the franchisor and franchise partners whereby the franchise partners make of use Famous Brands intellectual property and sell menu items to consumers. Revenue earned from the "Brands" is sales-based royalty income from supporting the franchise partners ("Franchise fees revenue") and managing the marketing, product development and related services ("Marketing fees revenue"). These are based on a percentage restaurant turnover, stipulated in the franchising agreements.

The manufacturing division supplies ingredients and products to the logistics division which on-sells to franchise partners and company-owned restaurants who earn revenue from the sale of these goods. Retail also earns revenue from sale of products to retailers.

Throughout Famous Brands' business model, our main customer is the franchise partner rather than the end-consumer, except where Famous Brands sells manufactured products to its company owned stores and retailers.

Our categories of disaggregation of revenue depict the nature, amount, timing and cashflows based on business model i.e., where the franchise partner is our independent customer rather than the end-user consumer who is the franchise partner's customer.

Marketing funds revenue

Franchise restaurants are required to spend a percentage of their respective restaurants' sales on marketing programs with the goal of increasing sales and enhancing the reputation of our Brands. The contributions are primarily used to pay for expenses relating to purchasing media for marketing, market research, commercial production, other support functions for the respective Brands.

We have determined the marketing services provided to franchisees are highly interrelated with the franchise right and therefore not distinct. Franchisees contribute to these consolidated marketing initiatives a percentage of restaurant sales as consideration for providing the marketing. As a result, revenues for marketing services are recognized when the related franchise restaurant sales occur, thus on a sales-base royalty basis.

We incur marketing expenses as a result of our obligation to spend franchisee contributions to marketing. Such marketing expenses are recorded in franchise marketing in the statement of profit or loss and other comprehensive income as and when incurred. At the end of each financial year, additional marketing costs are accrued to the extent marketing revenues exceed the related marketing expense to date, as we are obligated to expend such amounts on marketing. If the marketing fee expense exceed the marketing revenue, vice versa, such deficit or excess is recognised in the deficit/surplus account such that the marketing fund activities have no impact on the statement of profit or loss. Any surplus funds are identified as "restricted" cash balances, The cash in the marketing funds is identified as restricted as it is not available for general use by the Group but is only available to fund future marketing costs in accordance with franchise agreements concluded between the Group and its franchisee partners.

12. Revenue (continued)

Accounting policy

Revenue from contracts with customers is recognised when the Group satisfies a performance obligation by transferring control over a product or service to a customer. Revenue is measured based on the consideration specified in the contract and excludes amounts collected on behalf of third parties. Revenue is recognised net of any discounts, returns, allowances, royalty breaks and rebates.

The Group does not have any revenue streams where the period between transfer of the promised goods or services to the franchise partner or customer and payment exceed a year. Thus, no adjustment is made to transaction prices for a financing component. The payment terms across the revenue streams do not generally exceed 90 days, and in some cases payment is before delivery.

Group performance obligations are satisfied at a point in time, over time and in relation to royalty-based income. Refer to the table below for further details.

Timing of revenue recognition	Items	Nature of activity	Customer segment	Performance obligation and transaction price
Point in time	• Sales of manufactured and purchased products • Logistics • Sales of products to retailers • Company-owned stores	The Group procures or manufacturers to supply food and/or other products to franchise partners, retailers and/or company-owned stores.	• Franchise partners • Retailers • Company-owned stores	The performance obligation is satisfied upon delivery and/or sales of a product to the franchise partner, retailers or company-owned stores. The Group also exports manufactured and purchased products to franchise partners. The performance obligation is satisfied upon delivery to the customer. The transaction price is based on a standalone selling price of the goods.
	Joining fees	The Group charges franchise partners a joining fee for upfront training and setting up the business.	Franchise partners	The performance obligation is satisfied upon the commencement date of the franchise agreement. The transaction price is determined per the franchise agreement.

12. Revenue (continued)

Timing of revenue recognition	***Items***	***Nature of activity***	***Customer segment***	***Performance obligation and transaction price***
Over time	Services revenue	The Group provides other services to franchise partners such as project management for new build or restaurant revamp or call centre services or any ad hoc services from time to time.	Franchise partners	The performance obligation is satisfied over time. The transaction price is based on the price determined per agreement and is non-refundable.
Sales-based royalties	Franchise fees revenue	The Group provides franchise partners with access to the intellectual property, business processes and trademark linked to the brand throughout the period of the franchise agreement.	Franchise partners	The performance obligation is satisfied over time. The transaction price is based on a percentage of the franchisee's sales as stipulated in the franchise agreement. In the case of Wimpy (UK), the transaction price is on occasion based on a percentage of the franchise partner's licensed product purchases as stipulated in the franchise agreement. In an event where the Group grants the franchisee a royalty break, it accounts for the contract modification as if it were a part of the existing contract and is recognised as an adjustment to revenue (as a reduction of revenue).
	Marketing fees revenue	The Group provides the franchise partners with access to marketing services throughout the period of the franchise agreement.	Franchise partners	The performance obligation is satisfied over time. The transaction price is in the form of a sales-based marketing fee. There is no marketing fund in the UK.

13. *Profit before tax*

	Notes	2023 R000	2022 R000
Profit before tax is arrived at after taking into account, among other items, those detailed below:			
Depreciation of property, plant and equipment	1	**178 556**	175 011
Amortisation of intangible assets	2	**14 302**	21 079
Impairment of trade and other receivables		**2 977**	10 317
Directors' remuneration		**23 281**	17 470
Executive directors	22	**18 677**	11 914
Non-executive directors	22	**4 604**	5 556
Auditors' remuneration		**10 890**	11 371
Facilities and property expenses		**219 233**	195 170
Employee expenses		**995 219**	851 417
Share-based payments – equity-settled		**42 634**	41 098
Foreign exchange differences		**734**	(23)
Net finance costs		**81 920**	107 501
Finance costs	14.1	**122 498**	124 836
Finance income	14.2	**(40 578)**	(17 335)
Remeasurement of non-controlling interest put option		**(17 135)**	(10 031)
Other income		**(126 386)**	(20 147)
(Profit)/loss on disposal of property, plant, equipment		**(1 739)**	3 371
Profit on disposal of right-of-use assets		**(192)**	(258)
Profit on derecognition of related party lease*		**(4 041)**	–
Loss on disposal of intangible assets		**–**	2 036
Loss on sale of businesses		**–**	1 771
Sundry income**		**(116 766)**	(21 724)
Other		**(3 648)**	(5 343)
Impairment of intangible assets		**40 643**	25 090
Impairment - Trademarks	2	**5 366**	–
Impairment - Goodwill	2	**35 277**	25 090
Share of profit of associates	3	**(8 685)**	(260)
Impairment of loan/investment in associate	3	**18 454**	8 262

* *Profit on disposal of related party lease is net of the lease smoothing asset of R3.9 million recognised at acquisition.*

** *Sundry income includes the GBK liquidation dividends of GBP 3.8 million (R74.7 million), and R14.4 million proceeds from an insurance claim for business interruptions experienced during the July 2021 civil unrest.*

Significant judgements and estimation uncertainty

Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed for impairment at each year or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In addition, intangible assets with an indefinite useful life are tested on an annual basis for impairment. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash inflows independently, the recoverable amount is determined for the larger cash generating unit to which it belongs.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. The calculations for projected cash flows require the use of estimates and assumptions. These estimated cash flows are based on financial budgets over set years and extrapolated over the useful life of the asset using forecast growth rate. The forecast cash flows and discount rate are post-tax.

Expected future cash flows used to determine the value-in-use of intangible and tangible assets are inherently uncertain and could materially change over time. The accuracy of the impairment models will only be proved by the future performance of the related businesses. It is reasonably possible that the assumptions will change, which may then impact our estimations and may require a material adjustment to the carrying value of intangible and tangible assets. Management determined the fair values using their best estimates.

13. Profit before tax (continued)

Significant judgements and estimation uncertainty (continued)

Projected cash flows

Management determines the expected performance of the assets based on past performance and its future expectations of market developments. By its very nature, cash flow projections involve uncertainties and the effect of loadshedding creates additional risk. These adjustments took into account recovery of the business post the pandemic period. The adjustments were on revenue and margins.

Discount rate

The weighted average cost of capital (WACC) rate is derived from a pricing model. The variables used in the model are established on the basis of management judgement and current market conditions.

Sensitivity analysis on value-in-use assessments

It is unlikely that any reasonably possible change in the key assumptions will result in a different conclusion.

Accounting policy

Impairment of non-financial assets

The Group assesses at the end of each year whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their recoverable amounts; and
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in- use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and then
- to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit.

The Group assesses at each year whether there is any indication that an impairment loss recognised in prior years for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

14. Net finance costs

	2023 R000	2022 R000
14.1 Finance costs		
Interest on borrowings	**(89 162)**	(95 488)
Interest on lease liabilities	**(29 277)**	(28 313)
Ineffective portion of cash flow hedge	**139**	(53)
Other finance costs	**(4 198)**	(982)
	(122 498)	(124 836)
14.2 Finance income		
Interest from lease receivables	**1 246**	2 350
Interest from bank deposits	**27 132**	14 984
Other finance income	**–**	1
Interest rate swap termination	**12 200**	–
	40 578	17 335
Net finance costs	**(81 920)**	(107 501)

Accounting policy

Finance costs

Finance costs comprise interest payable on borrowings and lease liabilities using the effective interest method. All other finance costs are expensed in the period in which they incurred. For the purposes of the statement of cash flows finance costs is classified under operating activities due to the nature of the costs.

Finance income

Finance costs comprise interest receivable on positive bank balances and lease receivables using the effective interest method. All other finance income are recognised in the period in which they earned. For the purposes of the statement of cash flows finance income is classified under operating activities due to the nature of the income.

15. Tax

	2023 R000	2022 R000
Normal tax		
Current tax	**220 054**	183 154
Current year	**217 148**	181 014
Foreign tax	**3 591**	–
Prior year (over)/under provision	**(685)**	2 140
Deferred tax	**(6 068)**	(24 599)
Current temporary differences	**(12 481)**	(21 409)
Tax rate change	**6 622**	(608)
Prior year over provision	**(209)**	(2 582)
	213 986	158 555

15. Tax (continued)

	2023 %	2022 %
Reconciliation of rate of tax		
South African normal rate of tax	**28.0**	28.0
Adjustments in rate for year due to:		
Share of profits of associates	**(0.3)**	–
Exempt income	**(2.7)**	–
Prior year over provision deferred tax	**(0.1)**	(0.5)
Other non-taxable income	**(0.9)**	(0.5)
Sale of businesses	**–**	(0.3)
Learnership allowances	**(0.3)**	(0.4)
Change in tax rate	**0.9**	(0.1)
Rate change differential	**–**	0.2
Other disallowable expenditure	**0.4**	0.3
Depreciation on leasehold improvements	**0.2**	0.4
Impairment	**2.2**	1.8
Prior year underprovision	**–**	0.4
Tax losses not recognised*	**–**	1.1
Foreign tax differential	**0.4**	0.4
Effective rate of tax	**27.8**	30.8

* *The effect of tax losses not recognised is insignificant.*

Accounting policy

Current and deferred taxes are recognised in profit or loss for the financial year, except to the extent that the tax arises from items related to other comprehensive income, equity or business combination, in which case it is recognised directly in other comprehensive income, equity or business combination.

Current tax liabilities or assets for the current and prior financial years are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the end of the year.

Current tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

16. Basic and headline earnings per share

	2023 Cents per share	2022 Cents per share
Attributable to owners of Famous Brands Limited		
Basic earnings per share	**523**	317
Headline earnings per share	**488**	356
Diluted earnings per share	**523**	317
Diluted headline earnings per share	**488**	356

16.1 Reconciliation of weighted average number of shares to diluted weighted average number of shares

	2023 Number of shares	2022 Number of shares
Weighted average number of shares in issue	**100 202 284**	100 202 284
Possible issue of ordinary shares in the future relating to the share incentive scheme	**36 454**	125 885
Diluted weighted average number of shares in issue	**100 238 738**	100 328 169

16.2 Basic and headline earnings

	2023 R000	2022 R000
Basic earnings	**524 109**	317 657
Adjusted for:	**(35 338)**	39 016
(Profit)/loss on disposal of property, plant and equipment	**(1 739)**	3 371
Tax on profit/(loss) on disposal of property, plant and equipment	**493**	(944)
Loss on disposal of intangible assets	**–**	2 036
Tax on loss on disposal of intangible assets	**–**	(570)
Loss on sale of businesses	**–**	1 771
GBK liquidation dividends	**(74 735)**	–
Impairment of intangible assets	**40 643**	33 352
Headline earnings	**488 771**	356 673

	2023 R000	2022 R000
17. Cash flow information		
17.1 Reconciliation of profit before tax to cash generated by operations		
Profit before tax	**769 245**	514 054
Adjustments for:		
Depreciation of property, plant and equipment	**178 556**	175 011
Amortisation of intangible assets	**14 302**	21 079
Impairment of intangible assets	**40 643**	25 090
Impairment of loan/investment in associate	**18 454**	8 262
Profit on derecognition of related party lease	**(4 041)**	–
Net finance costs expense	**81 920**	107 501
(Profit)/loss on disposal of property, plant and equipment	**(1 739)**	3 371
Profit on disposal of right-of-use asset	**(192)**	–
Loss on disposal of intangible assets	**–**	2 036
Loss on sale of businesses	**–**	1 771
Share of profits from associates	**(8 685)**	(260)
Share-based payments reserve	**42 634**	41 098
Movement in trade receivables impairment allowance	**2 977**	10 317
Non-controlling interests put option remeasurement	**(17 135)**	(10 031)
Inventory write-down	**10 410**	13 676
Other non-cash items	**(9 973)**	5 175
Cash generated before changes in working capital	**1 117 376**	918 150
Working capital changes	**(155 932)**	(47 068)
Increase in inventories	**(132 656)**	(71 470)
(Increase)/decrease in receivables	**(102 762)**	25 062
Increase in restricted cash	**(10 790)**	(30 305)
Increase in payables	**90 276**	29 645
Cash generated from operations	**961 444**	871 082
17.2 Reconciliation of tax paid during the year		
Net amount payable at the beginning of the year	**(15 353)**	(16 830)
Amounts charged to profit and loss	**(220 054)**	(183 154)
Adjustment for tax liability	**158**	–
Disposal of subsidiary	**–**	(43)
Acquisition of subsidiary	**(2 596)**	–
Foreign currency effect	**85**	1 120
Net amount payable at the end of the year	**43 697**	15 353
Tax paid	**(194 063)**	(183 554)
17.3 Reconciliation of dividends paid during the year		
Amounts owing at the beginning of the year	**(2 418)**	(2 418)
Amounts charged to retained earnings	**(330 668)**	–
Amounts owing at the end of the year	**2 802**	2 418
Dividends paid*	**(330 284)**	–

* *Includes payment of previously unclaimed dividends.*

17. Cash flow information (continued)

17.4 Summary of cash flows on acquisitions, disposals and changes in ownership interests

	2023 R000	2022 R000
Cash inflow on disposal of interests in subsidiaries		
Famous Brands Great Bakery (Pty) Ltd	–	1 283
Cash inflow on disposal of subsidiaries	–	1 283
Cash outflow on disposal of interests in subsidiaries		
DHQ Interior Brands Architects (Pty) Ltd (previously trading as Famous Brands Design Studio (Pty) Ltd)	–	(1 266)
Cash outflow on disposal of subsidiaries	–	(1 266)
Cash outflow on acquisition of interests in subsidiaries		
BC Hospitality (Pty) Ltd	–	(7 918)
Pink Potato (Pty) Ltd	–	(10 662)
Five Star Performance (Pty) Ltd	(3 315)	–
Steers Properties (Pty) Ltd	(166 000)	–
Halamandaris Props (Pty) Ltd	(15 000)	–
Cash outflow on acquisition of subsidiaries*	(184 315)	(18 580)

2023

Steers Properties (Pty) Ltd

Effective 22 February 2023, the Group acquired shares and claims in Steers Properties (Pty) Ltd for R166 million.

	2023 R000	2022 R000
Property, plant and equipment	164 516	–
Other receivables	3 842	–
Current tax liabilities	(2 358)	–
Net assets acquired	166 000	–
Cash outflow on acquisition of subsidiary*	(166 000)	–

Halamandaris Props (Pty) Ltd

Effective 22 February 2023, the Group acquired shares and claims in Halamandaris Props (Pty) Ltd for R15 million.

	2023 R000	2022 R000
Property, plant and equipment	15 000	–
Net assets acquired	15 000	–
Cash outflow on acquisition of subsidiary*	(15 000)	–

Five Star Performance (Pty) Ltd

Effective 1 April 2022, the Group acquired a 51% interest in Five Star Performance (Pty) Ltd (operations of Lexi`s Healthy Eatery franchising) for R3.3 million.

	2023 R000	2022 R000
Motor vehicles	83	–
Intangible assets	6 418	–
Non-controlling interest	(3 186)	–
Net assets acquired	3 315	–
Cash outflow on acquisition of subsidiary	(3 315)	–

Lexi`s Healthy Eatery (Pty) Ltd

Effective 1 December 2022, the Group acquired a 51% interest in Lexi`s Healthy Eatery (Pty) Ltd for R1.

	2023 R000	2022 R000
Property, plant and equipment	1 078	–
Inventory	86	–
Borrowings	(1 649)	–
Trade and other receivables	277	–
Trade and other payables	(2 255)	–
Current tax liabilities	(237)	–
Non-controlling interest	1 324	–
Net assets acquired	(1 376)	–
Cash outflow on acquisition of subsidiary	–	–

* *These acquisitions were recognised as acquisition of properties, refer to note 29.*

17. Cash flow information (continued)

17.4 Summary of cash flows on acquisitions, disposals and changes in ownership interests (continued)

2022

DHQ Interior Brands Architects (Pty) Ltd

Effective 1 March 2021, the Group partly disposed of its interest in DHQ Interior Brands Architects (Pty) Ltd, resulting in a change from subsidiary to an associate, for a consideration of Rnil.

	2023 R000	2022 R000
Property, plant and equipment	–	1 883
Trade and other receivables	–	3 599
Amount payable to Group company	–	(2 484)
Cash and cash equivalents	–	1 266
Deferred tax	–	(16)
Lease liability	–	(1 487)
Trade and other payables	–	(363)
Current tax asset	–	43
Net assets disposed	–	2 441
Consideration	–	–
Cash and cash equivalents	–	(1 266)
Cash outflow on disposal of subsidiary	–	(1 266)

Famous Brands Great Bakery (Pty) Ltd

Effective 1 May 2021, the Group disposed of its interest in Famous Brands Great Bakery (Pty) Ltd for a consideration of R3.6 million.

	2023 R000	2022 R000
Property, plant and equipment	–	6 614
Intangible assets	–	3 845
Trade and other receivables	–	1 040
Inventory	–	503
Cash and cash equivalents	–	2 287
Deferred tax	–	(174)
Amount payable to Group company	–	(1 165)
Lease liability	–	(2 190)
Trade and other payables	–	(403)
Net assets disposed	–	10 357
Consideration	–	3 570
Cash and cash equivalents	–	(2 287)
Cash outflow on disposal of subsidiary	–	1 283

BC Hospitality (Pty) Ltd

Effective 1 May 2021, the Group acquired additional interest in BC Hospitality (Pty) Ltd for a consideration of R7.9 million.

	2023 R000	2022 R000
Initial interest acquired	–	51%
Additional interest acquired	–	49%
	–	100%
Non-controlling interest acquired	–	(1 568)
Changes in ownership	–	(6 350)
Cash outflow on acquisition of subsidiary	–	(7 918)

Pink Potato (Pty) Ltd

Effective 1 July 2021, the Group acquired additional interest in Pink Potato (Pty) Ltd, for a consideration of R10.7 million.

	2023 R000	2022 R000
Initial interest acquired	–	78%
Additional interest acquired	–	22%
	–	100%
Non-controlling interest acquired	–	(4 420)
Changes in ownership	–	(6 242)
Cash outflow on acquisition of subsidiary	–	(10 662)

	2023 R000	2022 R000

17. Cash flow information (continued)

17.5 Liabilities from financing activities reconciliation

	2023 R000	2022 R000
Borrowings		
Balance at beginning of the year	**1 137 296**	1 469 012
Borrowings raised	**1 280 548**	24 883
Borrowings repaid	**(1 278 279)**	(357 561)
Other changes*	**(1 269)**	962
Balance at end of the year	**1 138 296**	1 137 296

* *Other changes include movement in non-cash movements and interest payments included in finance costs.*

	2023 R000	2022 R000
Non-controlling shareholder loans		
Carrying value at beginning of the year	**856**	1 692
Loan received/(repaid)	**711**	(836)
Carrying value at end of the year	**1 567**	856

18. Contingent liabilities

Refer to Note 10 *Borrowings* for other guarantees and facilities in the Group.

The Group has issued a R16.2 million (2022: R20 million) suretyship in favour of First Rand Bank Limited to secure the banking facilities entered into by certain local subsidiary companies.

19. Commitments

19.1 Operating leases

	2023 R000	2022 R000
The net future minimum rentals due under operating leases are as follows:		
The gross minimum rentals for low-value leases	**18 619**	1 666
	18 619	1 666
The gross future minimum rentals due are repayable as follows:		
Payable within the next 12 months	**4 407**	898
Payable within two to five years	**14 212**	768
	18 619	1 666

The operating leases relate to laptop and printer machine rentals for a period of 48 months. Refer to note 4 for more information on commitments related to leases accounted for in terms of IFRS 16.

	2023 R000	2022 R000
19. Commitments (continued)		
19.2 Capital expenditure		
Approved by the directors but not contracted for*	**405 056**	238 896

This capital expenditure relates to additions and improvements to production facilities, motor vehicles, franchise incentives, computer equipment and furniture and fittings. This expenditure will be financed by existing borrowing facilities and internally generated funds.

* *Includes capital expenditure planned for development of 37 Richards Drive, Midrand.*

20. Retirement benefit plans

Employees within the Group are members of 19 (2022: 22) provident funds and 1 pension fund (2022: 1). 12 funds are administered by Sygnia Group, 1 fund by Borwa Financial Services and 6 by Sanlam. Each fund provides benefits on a defined contribution basis. The funds are subject to the Pension Funds Act of 1956, as amended. All employees of the Group are eligible to be members of the funds. As at 28 February 2023, the membership of the funds was 1 796 (2022: 1 862) employees. The Group's contribution to the provident funds for the year was R56 million (2022: R44 million). The Group applied for a contribution holiday in the prior financial year from July 2021 to September 2021. The market value of the investments of the various funds as at 28 February 2023 was R331 million (2022: R303 million).

	2023			2022		
	Beneficial direct interest R000	Beneficial indirect interest R000	Total R000	Beneficial direct interest R000	Beneficial indirect interest R000	Total R000
21. Directors' interests in shares						
Executive						
Mr DP Hele	**96**	**–**	**96**	89	–	89
Non-executive						
Mr N Halamandaris	**605**	**6 829**	**7 434**	606	6 829	7 435
Mr JL Halamandres	**2 004**	**6**	**2 010**	1 908	6	1 914
	2 705	**6 835**	**9 540**	2 603	6 835	9 438

No director has any non-beneficial interest in the ordinary shares of the company.

The Group has not been advised of any changes in the above interests of the directors between the end of the financial year and date of approval of the report.

22. *Directors' remuneration*

	For services as directors R000	Remuneration R000	Bonuses R000	Provident fund contributions R000	Other benefits and payments R000	Total R000
28 February 2023						
Executive	**–**	**8 481**	**8 417**	**456**	**1 323**	**18 677**
Mr DP Hele	**–**	**4 966**	**6 667**	**456**	**1 179**	**13 268**
Mr DJ Fredericks	**–**	**3 515**	**1 750**	**–**	**144**	**5 409**
Non-executive	**4 604**	**–**	**–**	**–**	**–**	**4 604**
Mr NJ Adami	**527**	**–**	**–**	**–**	**–**	**527**
Mr CH Boulle	**734**	**–**	**–**	**–**	**–**	**734**
Ms SL Botha	**876**	**–**	**–**	**–**	**–**	**876**
Mr AK Maditse	**576**	**–**	**–**	**–**	**–**	**576**
Mr N Halamandaris	**455**	**–**	**–**	**–**	**–**	**455**
Mr JL Halamandres	**286**	**–**	**–**	**–**	**–**	**286**
Ms F Petersen-Cook	**652**	**–**	**–**	**–**	**–**	**652**
Ms B Mathe	**457**	**–**	**–**	**–**	**–**	**457**
Mr TF Mosololi*	**41**	**–**	**–**	**–**	**–**	**41**
	4 604	**8 481**	**8 417**	**456**	**1 323**	**23 281**
Less: Paid by subsidiaries	**–**	**(8 481)**	**(8 417)**	**(456)**	**(1 323)**	**(18 677)**
	4 604	**–**	**–**	**–**	**–**	**4 604**
28 February 2022						
Executive	–	9 947	1 068	513	386	11 914
Mr DP Hele	–	4 861	1 068	348	343	6 620
Ms K Ntlha	–	3 044	–	165	43	3 252
Mr DJ Fredericks	–	2 042	–	–	–	2 042
Non-executive	5 534	–	–	–	22	5 556
Mr NJ Adami	632	–	–	–	–	632
Mr CH Boulle	853	–	–	–	–	853
Ms SL Botha	1 009	–	–	–	–	1 009
Mr DJ Fredericks***	314	–	–	–	–	314
Mr AK Maditse	652	–	–	–	–	652
Mr N Halamandaris	672	–	–	–	–	672
Mr JL Halamandres	389	–	–	–	–	389
Ms F Petersen-Cook	505	–	–	–	22	527
Ms B Mathe	183	–	–	–	–	183
Ms TE Mashilwane**	325	–	–	–	–	325
	5 534	9 947	1 068	513	408	17 470
Less: Paid by subsidiaries	–	(9 947)	(1 068)	(513)	(386)	(11 914)
	5 534	–	–	–	22	5 556

* *Mr TF Mosololi was appointed in December 2022.*
** *Ms TE Mashilwane resigned in July 2021.*
*** *Mr DJ Fredericks was a non-executive director until July 2021.*

Directors' remuneration is only reflected from the date upon which an appointment commences and up to the date of resignation. Performance bonuses are disclosed in relation to the bonus paid during the year.

22. *Directors' remuneration (continued)*

The following amounts, which have not been included in the remuneration above, were recognised in line with IFRS 2 *Share-based payments:*

	Share Appreciation Rights	Retention Shares	Total	Share Appreciation Rights	Retention Shares	Total
		2023			2022	
	R000	R000	R000	R000	R000	R000
Mr DP Hele	**3 629**	**1 110**	**4 739**	3 816	1 052	4 868
	3 629	**1 110**	**4 739**	3 816	1 052	4 868

23. *Related party transactions*

The Group, in the ordinary course of business, entered into various transactions with related parties.

23.1 *Franchise agreements*

A non-executive director of Famous Brands Limited, has interest in 1 (2022: 1) franchised outlet (Mythos Waterfall). Franchise fees and product sales have been charged under terms and conditions no more favourable than those entered into with third parties.

23.2 *Lease agreements*

The Group has entered into a lease agreement with an entity, Steers Properties, of which one of the non-executive directors served as a director. The transaction was concluded at market-related rates prevailing at the time of entering into the transaction. The Group has since acquired Steers Properties, and adjacent Halamandaris Props, effective 22 February 2023. See details in note 29.

23.3 *Supply agreements*

The Group has entered into a supply agreement with an associate, FoodConnect. The transactions were conducted at market related fees prevailing at the time of entering into the transactions.

23.4 *Advertising fees*

Advertising fees have been paid to an associate, Sauce Advertising. The transactions were conducted at market-related fees prevailing at the time of entering into the transactions.

23.5 *Design fees paid to associate*

Design fees for the restaurant layout have been paid to an associate, DHQ Interior Brands Architects. The transactions were conducted at market- related fees prevailing at the time of entering into the transactions.

	2023 R000	2022 R000
Details of transactions and balances with related parties:		
Transactions for the year		
Franchise fee revenue	**1 135**	777
Sale of products	**52 052**	24 034
Lease payments	**20 736**	19 290
Purchase of product	**2 878**	13 508
Advertising fees paid to associate	**92 179**	86 193
Design fees paid to associate	**19 974**	15 475
Dividends declared by associate companies	**5 970**	5 888
Balances with related parties		
Loans receivable from related parties*	**22 222**	11 269
Trade payables to related parties	**18 970**	14 388
Trade receivables from related parties	**2 877**	1 087

* *The loan to UAC Restaurants matures in December 2027 and accrues interest at 12%.*

23. Related party transactions (continued)

23.6 Remuneration

Directors' remuneration

The remuneration for directors of the holding company paid during the year by subsidiaries within the Group has been disclosed in Note 22 *Directors remuneration*. Executive directors are defined as key management.

24. Schedule of investments in subsidiaries and associates

24.1 Direct

	Share capital		Interest		Cost of investment in shares		Amounts owing by/(to) subsidiaries	
	2023 R	2022 R	2023 %	2022 %	2023 R000	2022 R000	2023 R000	2022 R000
Debonairs Pizza (Pty) Ltd[3]	–	–	100	100	110	110	–	–
Famous Brands Management Company (Pty) Ltd[1]	100	100	100	100	291 931	260 182	(446 261)	(273 826)
FishAways (Pty) Ltd[3]	2 000	2 000	100	100	2 269	2 269	–	–
Mugg & Bean Franchising (Pty) Ltd[3]	101	101	100	100	100 000	100 000	–	–
Pleasure Foods (Pty) Ltd[4]	800	800	100	100	–	–	–	–
Pleasure Foods Intellectual Property Company (Pty) Ltd[3]	800	800	100	100	107 499	107 499	–	–
Pleasure Foods Property Holdings 1 (Pty) Ltd[1]	100	100	100	100	–	–	–	–
Steers (Pty) Ltd[3]	200	200	100	100	6 243	6 243	(16 698)	(16 698)
The Famous Brands Share Incentive Trust[1]	–	–	100	100	–	–	–	–
Steers Properties (Pty) Ltd[6]	4 000	–	100	–	129 731	–	36 269	–
Halamandaris Props (Pty) Ltd[6]	400	–	100	–	1 679	–	13 321	–

Main business:

1. *Franchisor, product manufacture, distribution, management and/or administration.*
2. *Offshore holding company.*
3. *Trademark owner.*
4. *Dormant.*
5. *Deregistered or sold or administration.*
6. *Property holdings.*

24. Schedule of investments in subsidiaries and associates (continued)

24.2 Indirect

	Share capital		Interest		Cost of investment in shares		Amounts owing by/(to) subsidiaries	
	2023 R	2022 R	**2023 %**	2022 %	**2023 R000**	2022 R000	**2023 R000**	2022 R000
4 E Holdings (Pty) Ltd[3]	**120**	120	**100**	100	**–**	–	**–**	–
BC Hospitality (Lupa)[1]	**100**	100	**100**	100	**–**	–	**–**	–
Brickhouse Trading (Pty) Ltd[6]	**–**	–	**100**	100	**–**	–	**–**	–
Cater Chain Foodservices (Pty) Ltd[1]	**100**	100	**75**	75	**–**	–	**–**	–
Dial n Dine (Pty) Ltd[1]	**4 900 000**	4 900 000	**60**	60	**–**	–	**–**	–
Famous Brands Cheese Company (Pty) Ltd[1]	**100**	100	**51**	51	**–**	–	**–**	–
Famous Brands Franchising Kenya Limited[1]	**20 617 194**	19 385 867	**100**	100	**–**	–	**–**	–
Famous Brands Group (Zambia) Limited[1]	**11 373**	11 373	**100**	100	**–**	–	**–**	–
Famous Brands Lilongwe[1]	**–**	–	**100**	100	**–**	–	**–**	–
Famous Brands Logistics Company (Pty) Ltd[4]	**–**	–	**100**	100	**–**	–	**–**	–
Coolsite Trading (Pty) Ltd[4]	**7 418 466**	7 418 466	**70**	70	**–**	–	**–**	–
Chilango (Pty) Ltd[1]	**1 000**	1 000	**100**	100	**–**	–	**–**	–
Creative Coffee Franchise Systems (Pty) Ltd[1]	**750 100**	750 100	**100**	100	**–**	–	**–**	–
Famous Brands Coffee Company (Pty) Ltd[1]	**100**	100	**62**	62	**–**	–	**–**	–
Five Star Performance (Pty) Ltd[1]	**6 500 000**	–	**51**	–	**–**	–	**–**	–
Gorilla Holdings Limited[2]	**–**	–	**100**	100	**–**	–	**–**	–
FB Signature Brands (Pty) Ltd[1]	**32 000 000**	32 000 000	**100**	100	**–**	–	**–**	–
Lamberts Bay Foods (Pty) Ltd[1]	**52 700**	52 700	**100**	100	**–**	–	**–**	–
Lexi`s Healthy Eatery (Pty) Ltd[1]	**–**	–	**51**	–	**–**	–	**–**	–
Lunar Thought Trading (Pty) Ltd[1]	**–**	–	**100**	100	**–**	–	**–**	–
Marble Olympia Trading (Pty) Ltd[4]	**–**	–	**100**	100	**–**	–	**–**	–
Marathon Holdings (Pty) Ltd[1]	**32 595 715**	32 595 715	**92.5**	92.5	**–**	–	**–**	–

Main business:

1. *Franchisor, product manufacture, distribution, management and/or administration.*
2. *Offshore holding company.*
3. *Trademark owner.*
4. *Dormant.*
5. *Deregistered or sold or administration.*
6. *Property holdings.*

24. *Schedule of investments in subsidiaries and associates (continued)*

24.2 *Indirect subsidiaries (continued)*

	Share capital		Interest		Cost of investment in shares		Amounts owing by/(to) subsidiaries	
	2023 R	2022 R	**2023 %**	2022 %	**2023 R000**	2022 R000	**2023 R000**	2022 R000
Opal Octopus Trading (Pty) Ltd[4]	**–**	–	**100**	100	**–**	–	**–**	–
Pink Potato Trading 103 (Pty) Ltd[1]	**87**	87	**75**	75	**–**	–	**–**	–
Quickstep Investment 10 (Pty) Ltd[4]	**1 000**	1 000	**100**	100	**–**	–	**–**	–
Retail Group Botswana[1]	**122**	122	**51**	51	**–**	–	**–**	–
Rising Rapids Trade and Invest (Pty) Ltd[1]	**–**	–	**100**	100	**–**	–	**–**	–
Sapphire Stag Trade and Invest (Pty) Ltd[1]	**3 296 507**	3 296 507	**100**	100	**–**	–	**–**	–
Souldance Holdings 11 (Pty) Ltd[1]	**100**	100	**100**	100	**–**	–	**–**	–
Vovo Telo Bakery and Café (Pty) Ltd[1]	**1 000**	1 000	**100**	100	**–**	–	**–**	–
Venus Solutions Ltd[2]	**42 613 784**	42 613 784	**100**	100	**–**	–	**–**	–
Wakaberry™ Holdings (Pty) Ltd[4]	**1 000**	1 000	**100**	100	**–**	–	**–**	–
Wimpy Marketing Fund (Pty) Ltd[4]	**2**	2	**100**	100	**–**	–	**–**	–
					639 462	476 303	**(413 369)**	(290 524)

All the above subsidiaries are incorporated in South Africa, except for Famous Brands UK Limited and Venus Solutions Limited (incorporated in the United Kingdom), Retail Group Botswana (incorporated in Botswana), Famous Brands Lilongwe (incorporated in Malawi), Gorilla Holdings Limited (incorporated in Mauritius) and Famous Brands Franchising Kenya Limited (incorporated in Kenya).

Main business:
1. *Franchisor, product manufacture, distribution, management and/or administration.*
2. *Offshore holding company.*
3. *Trademark owner.*
4. *Dormant.*
5. *Deregistered or sold or administration.*
6. *Property holdings.*

24.3 *Associates*

	Principal activity	Place of incorporation and operation	Year end	Effective date of acquisition	**2023 Interest %**	2022 Interest %
UAC Restaurants Ltd	Quick service restaurants	Nigeria	31 December	1 October 2013	**49**	49
Sauce Advertising (Pty) Ltd	Advertising	South Africa	28 February	1 March 2013	**37**	37
DHQ Interior Brands Architects (Pty) Ltd*	Store design	South Africa	28 February	1 March 2021	**48.5**	48.5
FoodConnect (Pty) Ltd	Distribution	South Africa	28 February	1 June 2018	**49**	49

* *Previously trading as Famous Brands Design Studio (Pty) Ltd.*

24. Schedule of investments in subsidiaries and associates (continued)

24.4 Investment in subsidiaries with material non-controlling interests (continued)

Famous Brands Coffee Company (Pty) Ltd

Famous Brands Limited has an indirect interest of 62% in Famous Brands Coffee Company (Pty) Ltd, a company involved in the production of coffee. The company's principal place of business is 154 Edward Avenue, Hennopspark, Centurion, Gauteng. The information below summarises the financial position and performance of the subsidiary:

	2023 R000	2022 R000
Current assets	**57 138**	45 473
Non-current assets	**22 912**	24 082
Current liabilities	**(11 040)**	(7 228)
Non-current liabilities	**(13 574)**	(15 160)
Net assets of the subsidiary	**55 436**	47 167
Revenue	**148 989**	110 402
Profit before tax	**17 097**	15 148
Profit for the year	**12 269**	10 905
Total comprehensive income for the year	**12 269**	10 905
Profit for the year allocated to non-controlling interest	**4 662**	4 144
Accumulated non-controlling interests	**21 277**	18 135
Dividends paid to non-controlling interests	**1 520**	6 460
Net cash inflow from operating activities	**3 720**	(13 827)
Net cash outflow from investing activities	**(793)**	(18 731)
Net cash outflow from financing activities	**(1 160)**	13 840

Famous Brands Cheese Company (Pty) Ltd

Famous Brands Limited has an indirect interest of 51% in Famous Brands Cheese Company (Pty) Ltd, a company involved in the production of cheese. The company's principal place of business is Cable Road, Zone 3, Coega, Eastern Cape. The information below summarises the financial position and performance of the subsidiary:

	2023 R000	2022 R000
Current assets	**181 948**	147 665
Non-current assets	**66 289**	74 439
Current liabilities	**(60 504)**	(55 920)
Non-current liabilities	**(24 253)**	(16 140)
Net assets of the subsidiary	**163 480**	150 044
Revenue	**628 973**	639 513
Profit before tax	**61 064**	75 419
Profit for the year	**43 740**	55 062
Total comprehensive income for the year	**43 740**	55 062
Profit for the year allocated to non-controlling interest	**21 433**	26 981
Accumulated non-controlling interests	**80 343**	73 610
Dividends paid to non-controlling interests	**14 700**	14 700
Net cash inflow from operating activities	**22 773**	12 219
Net cash outflow from investing activities	**(6 132)**	(1 427)
Net cash outflow from financing activities	**(7 661)**	(6 372)

24. Schedule of investments in subsidiaries and associates (continued)

24.4 Investment in subsidiaries with material non-controlling interests (continued)

Cater Chain Food Services (Pty) Ltd

Famous Brands Limited has an indirect interest of 75% in Cater Chain Food Services (Pty) Ltd Group, a Group involved in general meat trading. The Group's principal place of business is 30 Angus Rd, City Deep, Johannesburg, Gauteng. The information below summarises the financial position and performance of the subsidiary:

	2023 R000	2022 R000
Current assets	**100 880**	94 403
Non-current assets	**43 172**	47 060
Current liabilities	**(33 169)**	(26 676)
Non-current liabilities	**(10 507)**	(14 698)
Net assets of the subsidiary	**100 376**	100 089
Revenue	**523 188**	481 583
Profit before tax	**16 859**	31 155
Profit for the year	**12 148**	22 383
Total comprehensive income for the year	**12 148**	22 383
Profit for the year allocated to non-controlling interest	**3 037**	5 596
Accumulated non-controlling interests	**25 238**	25 201
Dividends paid to non-controlling interests	**3 000**	6 250
Net cash inflow from operating activities	**10 470**	7 610
Net cash outflow from investing activities	**(6 246)**	(12 498)
Net cash outflow from financing activities	**(15 340)**	(4 287)

25. Financial instruments and risk management

Financial risk management

The Group has exposure to the following risks from its use of financial instruments: market risk (foreign exchange, interest rate), liquidity risk, credit risk and capital risk. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing financial risk, and the Group's management of capital.

The Board of Directors has approved strategies for the management of financial risks which are in line with corporate objectives. These guidelines set up the short-term and long-term objectives and actions to be taken in order to manage the financial risk exposure of the Group.

The major guidelines of this policy are the following:

- to minimise interest rate, currency and market risk for all transactions;
- to ensure that all financial risk management activities are carried out and monitored at a central level; and
- to ensure that all financial risk management activities are carried out on a prudent and consistent basis.

The Group audit committee oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of the risk management controls and procedures. The results are reported to the audit committee and management for remediation.

25. Financial instruments and risk management (continued)

25.1 Accounting classifications and fair values

The table below sets out the classification of financial assets and liabilities carrying amounts as well as a comparison to their fair values. The different fair value levels are described below:

Level 1: Quoted prices (adjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

Level 2 financial instruments: the fair value of all external over-the-counter derivatives is calculated based on the discount rate adjustment technique. The discount rate used is derived from observable rates of return for comparable assets or liabilities traded in the market. The credit risk of the external counterparty is incorporated into the calculation of fair values of financial assets and credit risk is incorporated in the measurement of financial liabilities. The change in fair value is therefore impacted by movements in interest rate curves, the volatility of the applied credit spreads, and changes to the credit profile of the involved parties.

	2023 Carrying amount R000	2022 Carrying amount R000
Financial assets		
Measured at amortised cost:		
Trade and other receivables	**506 135**	422 599
Lease receivables	**9 162**	22 106
Restricted cash	**134 577**	122 793
Cash and cash equivalents	**310 934**	333 435
	960 808	900 933
Financial liabilities		
Measured at amortised cost:		
Trade and other payables	**627 319**	536 338
Shareholders for dividends	**2 802**	2 418
Lease liabilities	**338 937**	321 335
Borrowings	**1 139 863**	1 138 152
Bank overdraft	**78 197**	–
	2 187 118	1 998 243

25. Financial instruments and risk management (continued)

25.1 Accounting classifications and fair values (continued)

The carrying amounts of current financial assets and current financial liabilities classified at amortised cost are considered to approximate the fair values.

	Level	2023 Carrying amount R000	2022 Carrying amount R000
Derivative financial instruments			
Assets			
Fair value through profit or loss			
Foreign exchange contracts	2	**253**	–
Fair value through other comprehensive income			
Interest-rate swaps	2	**3 717**	9 563
		3 970	9 563
Liabilities			
Fair value through profit or loss			
Foreign exchange contracts	2	**–**	476
		–	476
Movements in Level 3 financial instruments carried at fair value			
Financial instruments at fair value through profit or loss			
Assets			
Fair value through profit or loss			
Investment in preference shares	3	**3 490**	–
		3 490	–

25.2 Market risk

Interest rate risk

The following table analyses the breakdown of financial instruments by type of interest rate.

	Notes	2023 Carrying amount R000	2022 Carrying amount R000
Variable rate instruments			
Derivative financial instruments			
Interest-rate swap assets		**3 717**	9 563
Borrowings	10	**(1 123 878)**	(1 125 363)
Bank overdraft	8	**(78 197)**	–
Fixed rate instruments			
Borrowings	10	**(15 985)**	(11 933)
Lease liabilities	4	**(338 937)**	(321 335)
		(1 553 280)	(1 449 068)

Sensitivity analysis

A hypothetical increase/(decrease) in interest rates by 100 basis points, with all other variables remaining constant, would decrease/(increase) profit after tax by R15.5 million (2022: R14.5 million).

The analysis has been performed for variable interest rate financial liabilities. The impact of a change in interest rates on floating interest financial liabilities has been assessed in terms of the changing of their cash flows and net expenses.

The Group's operating income and operating cash flows are substantially independent of changes in market interest rates.

25. Financial instruments and risk management (continued)

25.2 Market risk (continued)

Interest-rate swaps

The Group has entered into interest rate swap contracts that entitle it to pay fixed interest rates on notional principal amounts relating to interest-bearing borrowings raised at floating interest rates (refer Note 10 *Borrowings*). Derivatives are only used for economic hedging purposes and not as speculative investments.

The hedging objective is to achieve cash flow certainty regarding interest payments. In order to mitigate against the risk of not benefiting from potential decreases in interest rates, the Group's policy is to hedge between 40% and 60% of the underlying interest bearing instrument, with the aim of matching the critical terms of the hedging instrument to that of the underlying debt.

The Group assesses prospective hedge effectiveness by ensuring the critical terms (including interest reset dates and term of the loan facility) are matched, thus the hedge is expected to be highly effective. The Group assesses the hedge effectiveness by comparing the changes in fair value of hypothetical derivatives reflecting the terms of the interest bearing borrowings' movement in interest with the changes in fair value of the interest rate swaps.

The Group uses the hypothetical derivative method to determine the change in fair value of the hedged item on a cumulative basis.

The Group determines the hedge ratio by comparing the notional amount of the derivative with the notional principal debt of the interest bearing borrowings. If the loan granted has an amortising principal, the Group enters into interest rate swaps with an equivalent amortising notional amount.

The Group has identified the following possible sources of ineffectiveness in its cash flow hedge relationships:

- The use of derivatives as a protection against interest rate risk creates an exposure to the derivative counterparty's credit risk which is not offset by the hedged item. This risk is minimised by entering into derivatives with high credit quality counterparties;
- Difference in tenor of hedged items and hedging instruments;
- Use of different discounting curves for hedged items and hedging instruments, because for interest rate swaps the discounting curve used depends on collateralisation and the type of collateral used;
- Difference in timing of settlement of the hedging instrument and hedged item; and
- Designation of off-market hedging instruments.

The tables below sets out the details of the interest rate swap contracts including the notional amounts, fair values and base variables:

		2023		2022	
	Maturity date	Notional amount R000	Fixed interest rate %	Notional amount R000	Fixed interest rate %
Term loans (swap from variable to fixed)					
Amortising loan	Aug-25	**90 000**	**7.57**	–	–
Amortising loan	Aug-26	**120 000**	**7.77**	–	–
Amortising loan	May-27	**270 000**	**7.58**	–	–
Amortising loan	Aug-23			450 000	3.75

The table below sets out the details of the fair values of the financial instruments, fair value for determining hedge ineffectiveness and line impacted in the statement of financial position:

	2023 R000	2022 R000
Fair value changes in determining hedge ineffectiveness (included in finance costs)	**139**	(53)
Derivative financial instruments (interest rate swaps)	**3 717**	9 563

25. Financial instruments and risk management (continued)

25.2 Market risk (continued)

Foreign currency risk

Since the Group operates internationally, it is exposed to foreign currency risk in its normal industrial and commercial businesses. On occasion, the Group hedges transactional foreign exchange exposures.

The Group has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk. Financial assets and financial liabilities are analysed by currency as follows:

	2023			
	United Arab Emirates Dirham*	**GB Pound***	**Zambian Kwacha***	**Botswana Pula***
Financial assets				
Trade and other receivables	**379**	**458**	**5 173**	**9 210**
Cash and cash equivalents	**300**	**4 541**	**8 096**	**5 954**
Financial liabilities				
Borrowings	**–**	**(390)**	**(124)**	**(6 736)**
Trade and other payables	**(874)**	**(869)**	**(3 683)**	**(18 897)**
Lease liabilities	**–**	**(329)**	**(886)**	**(42 100)**
	(195)	**3 411**	**8 576**	**(52 569)**
* *Currency unit thousands*				
Exchange rates used for conversion of foreign amounts to the South African Rand were (R):	**5.01**	**22.21**	**1.08**	**1.33**
Sensitivity analysis At reporting date, if the Rand had weakened/ strengthened by 10% against any currency above, with all other variables held constant, total comprehensive income for the year would have decreased/increased as follows (R'000):	**(97)**	**7 575**	**923**	**(6 992)**

	2022			
	United Arab Emirates Dirham*	GB Pound*	Zambian Kwacha*	Botswana Pula*
Financial assets				
Trade and other receivables	279	438	2 780	7 472
Cash and cash equivalents	238	4 094	9 218	18 547
Financial liabilities				
Borrowings	–	–	–	(21)
Trade and other payables	(501)	(487)	(7 163)	(12 836)
Lease liabilities	–	(393)	–	(31 183)
	16	3 652	4 835	(18 021)
* *Currency unit thousands*				
Exchange rates used for conversion of foreign amounts to the South African Rand were (R):	4.19	20.61	1.15	1.31
Sensitivity analysis At reporting date, if the Rand had weakened/ strengthened by 10% against any currency above, with all other variables held constant, total comprehensive income for the year would have decreased/increased as follows (R`000):	7	7 526	556	(2 363)

25. Financial instruments and risk management (continued)

25.3 Liquidity risk

The Group manages liquidity risk on the basis of expected maturity dates, through an ongoing review of future commitments and credit facilities managed centrally. Cash flow forecasts are prepared to monitor inflows and outflows, adequate borrowing facilities are secured and utilisation monitored. The borrowings are subject to financial covenants per Note 26 *Capital management* and any non-compliance with financial covenants could trigger early settlement of the facilities.

The Group maintains its liquidity position by conserving the Group's cash resources through continued focus on working capital improvement, cost savings and capital reprioritisation also considering our growth plan. Group Treasury prepares regular cash flow forecasts, monitors cash holdings, negotiates with financiers and oversees compliance with treasury policies.

The Group meets its financing requirements through a combination of cash generated from its operations and, short and long- term borrowings and strives to maintain adequate banking facilities and borrowings.

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

			2023		
	Carrying amount R000	**Less than 1 year R000**	**2 – 5 years R000**	**Thereafter R000**	**Total R000**
Borrowings	**1 139 863**	**205 930**	**1 203 290**	**8 984**	**1 418 204**
Trade and other payables	**627 318**	**627 318**	**–**	**–**	**627 318**
Shareholders for dividends	**2 802**	**2 802**	**–**	**–**	**2 802**
Lease liabilities	**338 937**	**97 637**	**249 604**	**82 853**	**430 094**
Bank overdraft	**78 197**	**78 197**	**–**	**–**	**78 197**
	2 187 117	**1 011 884**	**1 452 894**	**91 837**	**2 556 615**

			2022		
	Carrying amount R000	Less than 1 year R000	2 – 5 years R000	Thereafter R000	Total R000
Borrowings	1 138 152	323 412	889 467	–	1 212 879
Trade and other payables	536 338	536 338	–	–	536 338
Shareholders for dividends	2 418	2 418	–	–	2 418
Lease liabilities	321 334	98 929	218 811	44 256	361 996
Derivative financial instruments (foreign currency options)	476	476	–	–	476
	1 998 718	961 573	1 108 278	44 256	2 114 107

The carrying amount of the current financial liabilities approximates the fair value at the reporting date.

At present the Group expects to pay all liabilities at their contractual maturity. In order to meet such cash commitments the Group expects operating activities to generate sufficient cash inflows. In addition, the Group holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

Restricted cash balances of R134.6 million (2022: R122.8 million), as detailed in Note 8 *Cash and cash equivalents*, are not available for general use and excluded when assessing liquidity.

The Group has sufficient undrawn facilities to manage shortfalls in operational cash flows. Refer to Note 10 *Borrowings* for details on the facilities. The Group expects to meet its obligations from operating cash flows.

25. Financial instruments and risk management (continued)

25.4 Credit risk

Credit risk is managed on a Group-wide basis. Credit risk mainly relates to cash deposits, cash equivalents and trade receivables. The Group only deposits cash with major banks with high-quality credit standing and limits exposure to any one counterparty.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument at the reporting date against the risk of default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic reports, financial analysts, governmental bodies as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets below.

Cash and cash equivalents

Cash and cash equivalents are held with financial institution counterparties, with a local currency deposit rating "B", based on Standard & Poor's. These financial institutions also have a stable outlook. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The expected credit loss on cash and cash equivalents have been assessed to be insignificant.

Derivative financial instruments

Derivatives financial instruments relate to interest rate swaps contracts entered into with Nedbank. The bank is rated "B and BB+" and "BB+" based on Standard & Poor's and Fitch rating agencies. The Group considers its derivate assets to have low credit risk based on the external credit ratings of the counterparties.

Trade and other receivables

Trade receivables comprise a widespread customer base, mainly franchise partners and some retailers. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated through a credit rating agency, these ratings are used. If there is no independent credit rating, management assesses the credit quality of the customer, taking into account the customer's financial position, past experience and other factors. Individual risk limits are set based on internal ratings.

Customers have been segmented into groupings. The franchise partners credit risk is assessed on product and leasing activities. Management regularly reviews the receivables age analysis and follows up on outstanding receivables.

25. Financial instruments and risk management (continued)

25.4 Credit risk (continued)

Expected credit losses

The Group applies the simplified IFRS 9 approach to measure expected credit loss. The simplified approach considers the lifetime expected loss allowance for all trade receivables. The Group calculates expected losses based on consideration of a portfolio of customers, and where necessary at customer-specific and actual credit loss experienced over the past three years. The Group also conducts qualitative assessments on trade receivables which includes product, franchise fees and rental agreements.

The impact of qualitative assessments was immaterial and the results were aligned to the impairment calculation.

To measure the expected credit losses, trade receivables are grouped based on the date of initial recognition and similar credit risk characteristics. The expected credit loss is mainly on product and franchise fees, as expected credit loss on rental is considered immaterial.

Default on a financial occurs when:

- a franchise has closed and there is an amount outstanding in the trade receivables related to the franchise;
- a customer fails to make contractual payments within 90 days after they past due; or
- a franchise partner is bankrupt or under business rescue or under liquidation.

Under the provision matrix, the expected credit loss is calculated by applying a loss ratio to the aged balance of trade receivables at each reporting date. A loss rate is then applied for determining the impairment allowance. The historical loss rate is determined based on impairment trends identified in previous years. The loss ratio is calculated according to the ageing profile of sales by applying write-offs to the payment profile of customers. To ensure that the loss rate used to determine impairment is relevant to the current financial year, forward looking information, such as, macroeconomic developments are taken into account in arriving to the loss rate. The impairment allowance of R 22.1 million (2022: R 22.9 million) approximates 5% (2022: 6%) of the gross trade receivables, was mainly against past due portfolio of debtors.

Irrespective of the outcome of the excepted credit loss assessment, the Group presumes that exposure to trade receivables credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The table below illustrates the trade receivables ageing analysis:

	2023			
	Gross R000	**Impairment R000**	**Net R000**	**Average ECL/ Impairment ratio (%)**
The following table details the risk profile of trade receivables based on the Group's expected credit loss reconciliation.				
Performing	**435 628**	**(267)**	**435 361**	**–**
Past due	**28 983**	**(21 794)**	**7 189**	**75**
31 – 60 days	**5 266**	**(159)**	**5 107**	**3**
61 – 90 days	**1 603**	**(112)**	**1 491**	**7**
91 days and beyond	**22 114**	**(21 523)**	**591**	**97**
Total	**464 611**	**(22 061)**	**442 550**	**5**

	2022			
	Gross R000	**Impairment R000**	**Net R000**	**Average ECL/ Impairment ratio (%)**
Performing	373 804	(133)	373 671	–
Past due	44 405	(22 744)	21 661	51
31 – 60 days	7 551	(96)	7 455	1
61 – 90 days	2 872	(101)	2 771	4
91 days and beyond	33 982	(22 547)	11 435	66
Total	418 209	(22 877)	395 332	6

25. Financial instruments and risk management (continued)

25.4 Credit risk (continued)

Expected credit losses (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, debtors experiencing significant financial difficulties, and probability that the debtor will enter bankruptcy, business rescue, liquidation or financial reorganisation.

Trade receivables of R3.8 million (2022: R10.3 million) written off during the financial year are still subject to enforcement activity.

The following table details the Group's trade receivables impairment allowance reconciliation based on the Group's expected credit loss computation.

	2023 R000	2022 R000
Reconciliation of trade receivables impairment allowance		
Balance at the beginning of the year	**22 877**	22 885
Amounts raised during the year	**2 977**	10 317
Amounts written off as uncollectible	**(3 793)**	(10 325)
Balance at the end of the year	**22 061**	22 877

Accounting policy

Classification

The Group classifies financial assets into the following categories:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss (FVTPL).

Classification is based on the contractual cash flow characteristics and the Group's business model for managing financial assets and cash flow characteristics of the financial asset.

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

25. Financial instruments and risk management (continued)

Accounting policy (continued)

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value plus, in the case of financial instruments not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition, or issue of the financial asset or liability. Transaction costs of financial instruments carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Financial instruments at fair value through other comprehensive income are measured at fair value. Movements in the carrying amount of these instruments are taken to other comprehensive income, except for impairment, interest income and foreign exchange gains or losses that are recognised in profit or loss.

Financial instruments at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising on remeasurement of these assets are recognised in profit or loss. These include the following:

- Derivatives (including interest rate swaps and foreign exchange contracts); and
- Investment in preference shares.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method less impairment. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. These include the following:

- Trade and other receivables;
- Lease receivables; and
- Cash and cash equivalents.

Financial liabilities at amortised cost are subsequently measured, using the effective interest rate method. These include the following:

- Trade and other payables;
- Borrowings;
- Bank overdraft;
- Non-controlling shareholder loans; and
- Lease liabilities.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the Group transfers the financial asset and the transfer qualifies for derecognition.

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss except for equity investments, where the Group has made an election to present fair value gains or losses on equity investments in other comprehensive income. There is no subsequent reclassification on derecognition of the investment.

Any gain or loss on derecognition of financial assets at amortised cost is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

25. Financial instruments and risk management (continued)

Accounting policy (continued)

Modification of financial liabilities

A substantial modification of the terms of an existing debt instrument or part of it is accounted for as an extinguishment of the original debt instrument and the recognition of a new debt instrument.

Gains or losses arising from the modification of the terms of a debt instrument are recognised immediately in profit or loss where the modification does not result in the derecognition of the existing instrument.

Offsetting financial instruments

Offsetting of financial assets and liabilities is applied 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 net amount is reported in the statement of financial position.

Impairment of financial assets

The impairment allowance represents the Group's estimate of lifetime expected credit losses, which are the present value of the cash shortfalls over the expected life of the financial assets. The Group applies the simplified approach in determining credit losses for all trade and lease receivables. The determination of the impairment allowance requires the expected lifetime losses to be recognised from initial recognition of the receivables calculated using a provision matrix. This takes into account past events, current conditions, reasonable and supportable forward-looking information that is available without undue cost or effort, probability weighted scenarios and impact of the time value of money.

The impairment allowance for the financial assets measured at amortised cost are deducted from the gross carrying amount of the asset. This is recognised in profit or loss. The Group reassess the life-time expected credit losses at each reporting date and recognises any changes in profit or loss.

Hedge accounting

The Group enters into forward exchange contracts, and interest rate swap contracts to hedge its exposure to foreign exchange and interest rate risk.

Changes in the fair value of derivative instruments that are not formally designated in a hedging relationship are recognised immediately in profit or loss.

For qualifying cash flow hedges, the fair value gain or loss on the hedging instrument associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income within hedge accounting reserve, limited to the cumulative change in the fair value of the hedged item since inception of the hedge, and then recycled to profit or loss in the reporting periods when the hedged item affects profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss immediately. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in profit or loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to profit or loss.

Insurance cell captive

The Group has determined that it does not have control of its short-term insurance cell captive arrangement as the current insurance legislative framework regards all the assets and liabilities in the cell as that of the insurer and not the investee. Therefore the cell captive is not considered to be a silo in accordance with IFRS 10. The Group has therefore not consolidated the cell captive. The Group is exposed to financial risk rather than insurance risk and has therefore accounted for its investment in the cell captive as an asset held at fair value through profit or loss (FVTPL) in accordance with IFRS 9.

The fair value of the Group's short-term insurance cell captive underwritten by an insurer is determined monthly with reference to the net asset value of the cell captive, as determined by the insurer.

26. *Capital management*

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

The capital structure of the Group consists of Note 8 *Cash and cash equivalents*, Note 10 *Borrowings*, Note 4 *Leases* and Note 9 *Equity reserves* as disclosed in the statement of financial position.

Financial covenants

The Group's borrowings (refer Note 10 *Borrowings*) are subject to financial covenants. Management regularly monitors and reviews compliance of these ratios in line with the funding agreement. These financial covenants are based on the contractual terms of each facility. The covenants are limited to the SA business.

Dates	Leverage ratio	Interest cover ratio
Feb-22	**2.50x^**	**3.00x^**
Aug-22	**2.50x^**	**3.00x^**
Feb-23	**2.25x^**	**3.00x^**
Aug-23	**2.25x**	**3.00x**
Feb-24	**2.25x**	**3.00x**
Aug-24	**2.25x**	**3.00x**
Feb-25	**2.25x**	**3.00x**

^ *All covenant ratios were satisfied for the past three years, except where not required to measure as per the Group's primary lender.*

	2023 R000	2022 R000
Net debt to Total equity (Gearing ratio)		
Borrowings	**1 139 863**	1 138 152
Lease liabilities	**338 937**	321 335
Cash and cash equivalents	**(310 934)**	(333 435)
Bank overdraft	**78 197**	–
Net debt	**1 246 063**	1 126 052
Equity	**975 784**	720 545
Net debt to Total equity	**1.28**	1.56
Net debt to EBITDA (Leverage ratio)		
Net debt	**1 246 063**	1 126 052
EBITDA	**1 094 435**	850 739
Net debt to EBITDA ratio	**1.14**	1.32
Net asset value per share		
Total equity	**975 784**	720 545
Issued shares	**100 202 284**	100 202 284
Net asset value per share (cents)	**974**	719

27. Reclassifications within the financial statements

As part of the Group's continued assessment of its financial statement presentation, we have improved certain of our disclosures to enhance our presentation of the financial statements. The accounting policies have been updated to reflect the changes, where necessary and management is of the view that these changes will provide better disclosures.

	As previously stated 2022 R000	Reclassifi-cation R000	Notes	As currently stated 2022 R000
Statement of profit or loss and other comprehensive income				
Selling and administrative expenses	(2 267 278)	2 267 278	[a]	–
Administration expenses		(169 374)	[a]	(169 374)
Marketing expenses		(583 266)	[a]	(583 266)
Operations expenses		(1 514 638)	[a]	(1 514 638)

[a] *With the exception of cost of sales, expenses included "Operating profit before impairment of intangible assets" were previously disclosed under "Selling and administrative expenses". To enhance compliance with IAS 1 Presentation of Financial Statements, we have, based on materiality of similar items, disaggregated our disclosure of expenses in line with the business operations.*

28. Share-based payments reserve

Famous Brands operates the Famous Brands Share Incentive Scheme (Scheme), which comprises the following equity-settled share-based payments arrangements:

(a) Share options;

(b) Share Appreciation Rights (SARs); and

(c) Retention Shares.

The Share Incentive Scheme enables executive directors and management and specified directors of subsidiaries to benefit from Famous Brands' share price performance. The Group's remuneration philosophy is contained in the IAR which is available on the company's website at www.famousbrands.co.za.

The total expense recognised for employee services received during the year ended 28 February 2023 is R42.6 million (2022: R41.2 million). The expense recognised relates the share appreciation rights and retention shares transactions, reduced by a credit of R2.7 million (2022: R4.7 million) resulting from forfeitures.

28. Share-based payments reserve (continued)

28.1 Share options

This Scheme confers the right to participants to acquire ordinary shares at the value of Famous Brands' share at the date that the option is granted. On acceptance of the option, the participant has the right to exercise the option at any time, after vesting, during the option life, in as many tranches as the participant may elect.

To receive shares, participants must be either employed by or be retirees of the company when the rights to the shares vest. The directors of the company may amend the vesting period of the options by board resolution.

The scheme has a single type of vesting category which comprises a three-year vesting period and seven-year expiry period subsequent to vesting date.

A reconciliation of the movement of all share options is detailed below:

	Option exercise price range (Rand)		Number of shares	
	2023	2022	**2023**	2022
Opening balance	**101.20**	101.20	**300 000**	300 000
Forfeited	**–**	–	**(105 000)**	–
Options granted, shares not issued up to the end of the year	**101.20**	101.20	**195 000**	300 000

The last options were granted in November 2014.

The following options vested, but not yet exercised. Delivery of shares will only take place in the future. These options are set to expire in November 2024.

	Grant date	Option fair value at grant date (Rand)	Option exercise price (Rand)	Year in which options vested
Number of ordinary shares				
195 000	**November 2014**	**16.21**	**101.20**	**February 2018**

An analysis of share options granted to executive directors is detailed below:

	Option vesting date	Subscription price (Rand)	Outstanding as at 1 March 2022	Granted during the period	Exercised during the period	Outstanding as at 28 February 2023
Executive director						
Mr DP Hele	**November 2017**	**101.20**	**80 000**	**–**	**–**	**80 000**
Options granted, shares not issued up to the end of the year			**80 000**	**–**	**–**	**80 000**

Significant judgements and estimation uncertainty

The share options granted were valued, at grant date, using the Black-Scholes-Merton model which takes account of the vesting period (European style option). Expected volatility of the share price was determined by giving consideration to the historical volatility of Famous Brands' share price.

28. Share-based payments reserve (continued)

28.2 Share Appreciation Rights (SARs)

In 2015, the Group revised its Long Term Incentive scheme by introducing SARs and Retention Shares. The SARs represent the right participants have to be paid the difference between the share price on grant date and the share price on the date on which the SARs vest. The Group has the option to settle in equity or cash, however historically the options have been equity-settled. The SARs have performance conditions attached to KPI's of the Group and individual participant. The vesting is in three equal tranches, with the first tranche vesting at the end of the third year and dependent on service and performance conditions being met, subject to the discretion of the Group's remuneration committee, within the scheme rules. Refer to *Annexure 1* for further details on grants.

	Number of SARs	
	2023	**2022**
Opening balance	**4 709 727**	4 185 709
Granted	**1 502 997**	1 793 987
Management	**1 502 997**	1 588 456
Executive directors	**–**	205 531
Forfeited	**(491 990)**	(1 253 942)
Settled	**–**	(16 027)
SARs outstanding at the end of the year	**5 720 734**	4 709 727

Significant judgements and estimation uncertainty

The SARs granted in the current year have been valued, at grant date, using the Black-Scholes-Merton model which takes account of the vesting period (American style option) and 10-year exercise period. Expected volatility of the share price was determined by giving consideration to the historical volatility of the Famous Brands share price.

Details of the weighted average fair value of the SARs granted during the year and the related assumptions utilised are as set out below:

	2023	**2022**
Number of SARs granted	**1 502 997**	1 793 987
The principal inputs are as follows:		
Range of the weighted average fair value at grant date for the respective tranches (Rand)	**23.86 – 24.26**	13.19 – 22.76
Weighted average grant price (Rand)	**24.11**	56.66
Closing share price at grant date (Rand)	**62.23**	61.99
Expected life (years)	**10.00**	10.00
Expected volatility (%)	**39.71**	40.09
Range of the risk-free interest rates utilised for the respective tranches (%)	**7.80**	4.98 – 7.35
Average expected dividend yield (%)	**3.50**	–

28. Share-based payments reserve (continued)

28.3 Retention shares

Retention Shares represent the right participants have to be paid the value of the company's 30 day Volume Weighted Average Price immediately preceding the vesting date. The Group has the option to settle in equity or cash, however historically the options have been equity-settled. The Retention Shares vest in three equal tranches, with the first tranche vesting at the end of the third year. Refer to *Annexure 1* for further details on grants.

A reconciliation of the movement of all Retention Shares granted is detailed below:

	Number of Retention Shares	
	2023	**2022**
Opening balance	**625 312**	591 860
Granted	**126 294**	150 700
Management	**126 294**	133 730
Executive directors	**–**	16 970
Forfeited	**(57 101)**	(30 784)
Settled	**(93 549)**	(86 464)
Retention Shares outstanding at the end of the year	**600 956**	625 312

Significant judgements and estimation uncertainty

The Retention Shares granted have been valued, at grant date, using the Black-Scholes-Merton model which takes account of the vesting period (European style option). Expected volatility of the share price was determined by giving consideration to the historical volatility of Famous Brands' share price.

Accounting policy

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or services are received. A corresponding increase in equity is recognised if the goods or services are received in an equity-settled share-based payment transaction. Group has option to settle in cash or equity however historical settlements were only equity. When the share-based payments granted do not vest until the counterparty completes a specified period of service, the Group accounts for those services as they are rendered by the counterparty during the vesting period (or on a straightline basis over the vesting period). However, when the share-based payments vest immediately and are simultaneously exercised, the expense for services received is recognised in full.

Details of the weighted average fair value of the Retention Shares granted during the year and the related assumptions utilised are set out below:

	2023	**2022**
Number of Retention Shares granted	**126 294**	150 700
The principal inputs are as follows:		
Range of the weighted average fair value at grant date for the respective tranches (Rand)	**62.23**	61.99
Closing share price at grant date (Rand)	**62.23**	61.99
Expected life (years)	**5**	5
Expected volatility (%)	**–**	40.09
Range of the risk-free interest rates utilised for the respective tranches (%)	**6.97 – 7.52**	4.98 – 7.35

29. Other events

On 22 February 2023, the Group purchased Steers Properties Proprietary Limited ("Steers Properties") entire share capital ("Steers Shares") and claims ("Steers Claims") and Halamandaris Props Proprietary Limited ("Halamandaris Property") entire share capital ("Halamandaris Props Shares") and claims ("Halamandaris Props Claims") (Steers Properties and Halamandaris Property being collectively the "Acquired Companies") from Messrs Panagiotis Halamandaris, Periklis Halamandaris, Theofanis Halamandaris and John Lee Halamandres (the "Transaction").

The purchase price paid by the Group for the Steers Shares and Claims, Halamandaris Props Shares and Claims was an amount of R181 million (the "Purchase Price") which was apportioned as follows:

1. A purchase price of R166 million in relation to the Steers Shares and Claims.
2. A purchase price of R15 million in relation to the Halamandaris Props Shares and Claims.

The beneficial owners of the acquired companies are shareholders in Famous Brands Limited.

The only assets of Steers Properties and Halamandaris Props are properties situated at 478 James Crescent, Midrand and 37 Richards Drive, Midrand, respectively and shareholder loans primarily. Management determined that substantially all the fair value of the assets acquired is concentrated in the properties within these entities. For consolidation, the purchase was recognised as an acquisition of asset rather than business combination, as defined in IFRS 3 *Business Combinations*.

30. Subsequent events

Mortgage bond

On 15 May 2023, Steers Properties (Pty) Ltd, serving as the mortgagor, lodged a mortgage bond to the value of R300 million for registration with the Deeds Office. The bond will be registered over Portion 561 of Farm Waterval 5 and Erf 664 in Halfway House Extension 57 Township.

Dividend

The Board has declared a final dividend of 233 cents per ordinary share based on the Group's good results and future prospects. The dividend is being paid out of profits for the year ended 28 February 2023 in the amount of R233 million.

Change in board of directors

Mr John Halamandres will be retiring from the Board at the next AGM. Ms Nelisiwe Shiluvana has been appointed as Group Financial Director effective 1 August 2023 and Mr Deon Fredericks will retire as Group Financial Director on 31 July 2023.

31. Going concern

The board has undertaken a rigorous assessment of whether the group is a going concern in the light of current economic conditions across its operating geographies taking into consideration available information about economic uncertainties and market volatility. The projections for the Group have been prepared covering its future anticipated performance and available capital and liquidity for a period of 12 months from the date of approval of these consolidated annual financial statements including performing sensitivity analysis. The assumptions modelled are based on the continued estimated impact of the current difficult operating environment impacted by load shedding, higher energy, and interest cost.

Trading has improved materially, and we are optimistic that revenues will recover further in an operating environment without Covid-19. We have observed improved consumer confidence and spending. For the group we are forecasting a further recovery in our revenue, profit and cash flow, however still under pressure due to the slow economy growth.

Our mitigation actions resulted in an improvement in our results for 2023 financial year, including renegotiation of its borrowings with our primary lender to a more appropriate debt finance structure in line with the Group's current requirements and strategy. This provides the Group with significantly more flexibility with a structured repayment plan with no more than R200 million in any year and a much better debt profile.

At 28 February 2023, the Group had access to unutilised facilities of R340 million (refer note 10). Our forecasts and projections, taking into account anticipated market volatility, show that the Group will be profitable and cash generative in the year ahead. The Board has reviewed the Group's projections and sensitivity analysis which shows that the Group has sufficient capital, liquidity and positive future performance outlook to continue to meet its obligations and consequently, it is appropriate to prepare the consolidated annual financial statements on a going concern basis for the foreseeable future.

Annexure 1: Share-based payments reserve

for the year ended 28 February 2023

1. *Share Appreciation Rights (SARs)*

The number of SARs outstanding as at 28 February 2023 are set out below:

Grant date	Financial year of vesting	Fair value at grant date (Rand)	Opening balance	Granted	Forfeited	Settled	Closing balance
Jun 2016			**179 072**	**–**	**(31 355)**	**–**	**147 717**
Tranche 1	**February 2019 – 2020**	**31.67**	**73 616**	**–**	**(15 677)**	**–**	**57 940**
Tranche 2	**February 2020 – 2021**	**36.41**	**73 617**	**–**	**(15 678)**	**–**	**57 939**
Tranche 3	**February 2021 – 2022**	**42.12**	**31 839**	**–**	**–**	**–**	**31 839**
Jun 2017			**12 319**	**–**	**–**	**–**	**12 319**
Tranche 1	**February 2020 – 2021**	**24.54**	**4 107**	**–**	**–**	**–**	**4 107**
Tranche 2	**February 2021 – 2022**	**31.01**	**4 106**	**–**	**–**	**–**	**4 106**
Tranche 3	**February 2022 – 2023**	**36.58**	**4 106**	**–**	**–**	**–**	**4 106**
Jun 2018			**305 160**	**–**	**(33 517)**	**–**	**271 643**
Tranche 1	**February 2021 – 2022**	**84.58**	**228 758**	**–**	**(10 943)**	**–**	**217 815**
Tranche 2	**February 2022 – 2023**	**87.27**	**38 201**	**–**	**(13 126)**	**–**	**25 075**
Tranche 3	**February 2023 – 2024**	**89.74**	**38 201**	**–**	**(9 448)**	**–**	**28 753**
June 2019			**174 517**	**–**	**(19 491)**	**–**	**155 026**
Tranche 1	**February 2022 – 2023**	**47.12**	**58 172**	**–**	**(6 504)**	**–**	**51 668**
Tranche 2	**February 2023 – 2024**	**48.46**	**58 172**	**–**	**(6 504)**	**–**	**51 668**
Tranche 3	**February 2024 – 2025**	**49.35**	**58 173**	**–**	**(6 483)**	**–**	**51 690**
June 2020			**2 263 360**	**–**	**(164 954)**	**–**	**2 098 406**
Tranche 1	**February 2023 – 2024**	**26.15**	**754 453**	**–**	**(54 998)**	**–**	**699 455**
Tranche 2	**February 2024 – 2025**	**27.21**	**754 453**	**–**	**(54 998)**	**–**	**699 455**
Tranche 3	**February 2025 – 2026**	**27.98**	**754 454**	**–**	**(54 958)**	**–**	**699 496**
June 2021			**1 775 300**	**–**	**(210 291)**	**–**	**1 565 009**
Tranche 1	**February 2024 – 2025**	**13.19**	**591 766**	**–**	**(70 114)**	**–**	**521 652**
Tranche 2	**February 2025 – 2026**	**19.76**	**591 767**	**–**	**(70 114)**	**–**	**521 653**
Tranche 3	**February 2026 – 2027**	**22.76**	**591 767**	**–**	**(70 063)**	**–**	**521 704**
Jun 2022			**–**	**1 502 997**	**(32 383)**	**–**	**1 470 614**
Tranche 1	**February 2025 – 2026**	**23.86**	**–**	**500 980**	**(10 793)**	**–**	**490 187**
Tranche 2	**February 2026 – 2027**	**24.21**	**–**	**500 999**	**(10 795)**	**–**	**490 204**
Tranche 3	**February 2027 – 2028**	**24.26**	**–**	**501 018**	**(10 795)**	**–**	**490 223**
Number of SARs			**4 709 727**	**1 502 997**	**(491 991)**	**–**	**5 720 734**

Share-based payments reserve (continued)

for the year ended 28 February 2023

1. Share Appreciation Rights (SARs) (continued)

The number of SARs outstanding as at 28 February 2022 are set out below:

Grant date	Financial year of vesting	Fair value at grant date (Rand)	Opening balance	Granted	Forfeited	Settled	Closing balance
November 2015			894 735	–	(894 735)	–	–
Tranche 1	February 2019	32.75	298 245	–	(298 245)	–	–
Tranche 2	February 2020	37.65	298 245	–	(298 245)	–	–
Tranche 3	February 2021	41.61	298 245	–	(298 245)	–	–
June 2016			236 067	–	(56 995)	–	179 072
Tranche 1	February 2019 – 2020	31.67	92 615	–	(18 999)	–	73 617
Tranche 2	February 2020 – 2021	36.41	92 615	–	(18 998)	–	73 617
Tranche 3	February 2021 – 2022	42.12	50 837	–	(18 998)	–	31 839
June 2017			125 443	–	(113 124)	–	12 319
Tranche 1	February 2020 – 2021	24.54	117 231	–	(113 124)	–	4 107
Tranche 2	February 2021 – 2022	31.01	4 106	–	–	–	4 106
Tranche 3	February 2022 – 2023	36.58	4 106	–	–	–	4 106
June 2018			305 160	–	–	–	305 160
Tranche 1	February 2021 – 2022	84.58	228 758	–	–	–	228 758
Tranche 2	February 2022 – 2023	87.27	38 201	–	–	–	38 201
Tranche 3	February 2023 – 2024	89.74	38 201	–	–	–	38 201
June 2019			175 469	–	(291)	(661)	174 517
Tranche 1	February 2022 – 2023	47.12	58 489	–	(291)	(26)	58 172
Tranche 2	February 2023 – 2024	48.46	58 489	–	–	(317)	58 172
Tranche 3	February 2024 – 2025	49.35	58 491	–	–	(318)	58 173
June 2020			2 448 835	–	(172 954)	(12 521)	2 263 360
Tranche 1	February 2023 – 2024	26.15	816 278	–	(57 652)	(4 173)	754 453
Tranche 2	February 2024 – 2025	27.21	816 278	–	(57 651)	(4 174)	754 453
Tranche 3	February 2025 – 2026	27.98	816 279	–	(57 651)	(4 174)	754 454
June 2021			–	1 793 988	(15 843)	(2 844)	1 775 300
Tranche 1	February 2024 – 2025	13.19	–	597 996	(5 281)	(948)	591 766
Tranche 2	February 2025 – 2026	19.76	–	597 996	(5 281)	(948)	591 767
Tranche 3	February 2026 – 2027	22.76	–	597 996	(5 281)	(948)	591 767
Number of SARs			4 185 709	1 793 987	(1 253 942)	(16 027)	4 709 727

Share-based payments reserve (continued)

for the year ended 28 February 2023

1. Share Appreciation Rights (SARs) (continued)

Details of the SARs granted to executive directors are set out below

	Grant date	Grant price (Rand)	Outstanding at the beginning of the year	Granted	Settled	Outstanding at the end of the year
28 February 2023						
Executive director						
Mr DP Hele			**11 571**	**–**	**–**	**11 571**
Tranche 1	**June 2016**	**31.67**	**3 857**	**–**	**–**	**3 857**
Tranche 2	**June 2016**	**36.41**	**3 857**	**–**	**–**	**3 857**
Tranche 3	**June 2016**	**42.12**	**3 857**	**–**	**–**	**3 857**
			4 927	**–**	**–**	**4 927**
Tranche 1	**June 2019**	**47.12**	**1 642**	**–**	**–**	**1 642**
Tranche 2	**June 2019**	**48.46**	**1 642**	**–**	**–**	**1 642**
Tranche 3	**June 2019**	**49.35**	**1 643**	**–**	**–**	**1 643**
			333 105	**–**	**–**	**333 105**
Tranche 1	**June 2020**	**26.15**	**111 035**	**–**	**–**	**111 035**
Tranche 2	**June 2020**	**27.21**	**111 035**	**–**	**–**	**111 035**
Tranche 3	**June 2020**	**27.98**	**111 035**	**–**	**–**	**111 035**
			205 530	**–**	**–**	**205 530**
Tranche 1	**June 2021**	**13.19**	**68 510**	**–**	**–**	**68 510**
Tranche 2	**June 2021**	**19.76**	**68 510**	**–**	**–**	**68 510**
Tranche 3	**June 2021**	**22.76**	**68 510**	**–**	**–**	**68 510**
Number of SARs			**555 133**	**–**	**–**	**555 133**

Share-based payments reserve (continued)
for the year ended 28 February 2023

1. Share Appreciation Rights (SARs) (continued)

Details of the SARs granted to executive directors are as set out below:

	Grant date	Grant price (Rand)	Out-standing at the beginning of the year	Granted	Forfeiture/ settled	Out-standing at the end of the year
28 February 2022						
Executive director						
Mr DP Hele			90 582	–	(90 582)	–
Tranche 1	November 2015	32.75	30 194	–	(30 194)	–
Tranche 2	November 2015	37.65	30 194	–	(30 194)	–
Tranche 3	November 2015	41.61	30 194	–	(30 194)	–
			11 571	–	–	11 571
Tranche 1	June 2016	31.67	3 857	–	–	3 857
Tranche 2	June 2016	36.41	3 857	–	–	3 857
Tranche 3	June 2016	42.12	3 857	–	–	3 857
			51 552	–	(51 552)	–
Tranche 1	June 2017	24.54	17 184	–	(17 184)	–
Tranche 2	June 2017	31.01	17 184	–	(17 184)	–
Tranche 3	June 2017	36.58	17 184	–	(17 184)	–
			4 927	–	–	4 927
Tranche 1	June 2019	47.12	1 642	–	–	1 642
Tranche 2	June 2019	48.46	1 642	–	–	1 642
Tranche 3	June 2019	49.35	1 643	–	–	1 643
			333 105	–	–	333 105
Tranche 1	June 2020	26.15	111 035	–	–	111 035
Tranche 2	June 2020	27.21	111 035	–	–	111 035
Tranche 3	June 2020	27.98	111 035	–	–	111 035
			–	205 530	–	205 530
Tranche 1	June 2021	13.19	–	68 510	–	68 510
Tranche 2	June 2021	19.76	–	68 510	–	68 510
Tranche 3	June 2021	22.76	–	68 510	–	68 510
Number of SARs			491 737	205 530	(142 134)	555 133

Share-based payments reserve (continued)

for the year ended 28 February 2023

2. Retention shares

Details of the Retention Shares allocated as at 28 February 2023 are set out below:

Grant date	Financial year of vesting	Fair value at grant date (Rand)	Opening balance	Granted	Forfeited	Settled	Closing balance
June 2016			**1 872**	**–**	**(1 872)**	**–**	**–**
Tranche 3		**110.48**	**1 872**	**–**	**(1 872)**	**–**	**–**
June 2018			**37 880**	**–**	**(1 005)**	**(18 936)**	**17 939**
Tranche 1	**February 2021 – 2022**	**115.00**	**3**	**–**	**–**	**–**	**3**
Tranche 2	**February 2022 – 2023**	**115.00**	**18 939**	**–**	**–**	**(18 936)**	**3**
Tranche 3	**February 2023 – 2024**	**115.00**	**18 938**	**–**	**(1 005)**	**–**	**17 933**
June 2019			**246 574**	**–**	**(19 722)**	**(74 613)**	**152 239**
Tranche 1	**February 2022 – 2023**	**81.30**	**82 230**	**–**	**(5 437)**	**(74 613)**	**2 180**
Tranche 2	**February 2023 – 2024**	**81.30**	**82 171**	**–**	**(7 155)**	**–**	**75 016**
Tranche 3	**February 2024 – 2025**	**81.30**	**82 173**	**–**	**(7 130)**	**–**	**75 043**
June 2020			**189 867**	**–**	**(13 921)**	**–**	**175 946**
Tranche 1	**February 2023 – 2024**	**34.00**	**63 289**	**–**	**(4 653)**	**–**	**58 636**
Tranche 2	**February 2024 – 2025**	**34.00**	**63 289**	**–**	**(4 653)**	**–**	**58 636**
Tranche 3	**February 2025 – 2026**	**34.00**	**63 289**	**–**	**(4 615)**	**–**	**58 674**
June 2021			**149 121**	**–**	**(17 852)**	**–**	**131 269**
Tranche 1	**February 2024 – 2025**	**61.99**	**49 706**	**–**	**(5 964)**	**–**	**43 742**
Tranche 2	**February 2025 – 2026**	**61.99**	**49 707**	**–**	**(5 965)**	**–**	**43 742**
Tranche 3	**February 2026 – 2027**	**61.99**	**49 708**	**–**	**(5 923)**	**–**	**43 785**
June 2022			**–**	**126 294**	**(2 731)**	**–**	**123 563**
Tranche 1	**February 2025 – 2026**	**62.33**	**–**	**42 082**	**(910)**	**–**	**41 172**
Tranche 2	**February 2026 – 2027**	**62.33**	**–**	**42 100**	**(910)**	**–**	**41 190**
Tranche 3	**February 2027 – 2028**	**62.33**	**–**	**42 112**	**(911)**	**–**	**41 201**
Number of Retention Shares			**625 312**	**126 294**	**(57 103)**	**(93 549)**	**600 956**

Share-based payments reserve (continued)

for the year ended 28 February 2023

2. Retention shares (continued)

Details of the Retention Shares allocated as at 28 February 2022 are set out below:

Grant date	Financial year of vesting	Fair value at grant date (Rand)	Opening balance	Granted	Forfeited	Settled	Closing balance
June 2016			17 784	–	–	(15 912)	1 872
Tranche 3	February 2021 – 2022	110.48	17 784	–	–	(15 912)	1 872
June 2018			103 554	–	–	(65 674)	37 880
Tranche 1	February 2021 – 2022	115.00	65 677	–	–	(65 674)	3
Tranche 2	February 2022 – 2023	115.00	18 939	–	–	–	18 939
Tranche 3	February 2023 – 2024	115.00	18 938	–	–	–	18 938
June 2019			264 818	–	(14 664)	(3 582)	246 572
Tranche 1	February 2022 – 2023	81.30	88 272	–	(6 042)	–	82 230
Tranche 2	February 2023 – 2024	81.30	88 272	–	(4 311)	(1 791)	82 170
Tranche 3	February 2024 – 2025	81.30	88 274	–	(4 311)	(1 791)	82 172
June 2020			205 704	–	(14 780)	(1 057)	189 867
Tranche 1	February 2023 – 2024	34.00	68 568	–	(4 426)	(853)	63 289
Tranche 2	February 2024 – 2025	34.00	68 568	–	(5 075)	(204)	63 289
Tranche 3	February 2025 – 2026	34.00	68 568	–	(5 279)	–	63 289
June 2021			–	150 700	(1 339)	(239)	149 121
Tranche 1	February 2024 – 2025	61.99	–	50 233	(287)	(239)	49 706
Tranche 2	February 2025 – 2026	61.99	–	50 233	(526)	–	49 707
Tranche 3	February 2026 – 2027	61.99	–	50 234	(526)	–	49 708
Number of Retention Shares			591 860	150 700	(30 782)	(86 465)	625 312

Share-based payments reserve (continued)

for the year ended 28 February 2023

2. Retention shares (continued)

Details of the Retention Shares granted to executive directors are set out below:

	Grant date	Grant price (Rand)	Opening balance	Granted	Settled	Closing balance
28 February 2023						
Executive director						
Mr DP Hele			**38 355**	**–**	**(12 785)**	**25 570**
Tranche 1	**June 2019**	**81.30**	**12 785**	**–**	**(12 785)**	**–**
Tranche 2	**June 2019**	**81.30**	**12 785**	**–**	**–**	**12 785**
Tranche 3	**June 2019**	**81.30**	**12 785**	**–**	**–**	**12 785**
			27 504	**–**	**–**	**27 504**
Tranche 1	**June 2020**	**34.00**	**9 168**	**–**	**–**	**9 168**
Tranche 2	**June 2020**	**34.00**	**9 168**	**–**	**–**	**9 168**
Tranche 3	**June 2020**	**34.00**	**9 168**	**–**	**–**	**9 168**
			16 971	**–**	**–**	**16 971**
Tranche 1	**June 2021**	**61.99**	**5 657**	**–**	**–**	**5 657**
Tranche 2	**June 2021**	**61.99**	**5 657**	**–**	**–**	**5 657**
Tranche 3	**June 2021**	**61.99**	**5 657**	**–**	**–**	**5 657**
Number of Retention Shares			**82 830**	**–**	**(12 785)**	**70 045**

Share-based payments reserve (continued)

for the year ended 28 February 2023

2. Retention shares (continued)

Details of the Retention Shares granted to executive directors are set out below:

	Grant date	Grant price (Rand)	Opening balance	Granted	Forfeiture/ Settled	Closing balance
28 February 2022						
Executive director						
Mr DP Hele			873	–	(873)	–
Tranche 3	June 2016	130.03	873	–	(873)	–
			38 355	–	–	38 355
Tranche 1	June 2019	81.30	12 785	–	–	12 785
Tranche 2	June 2019	81.30	12 785	–	–	12 785
Tranche 3	June 2019	81.30	12 785	–	–	12 785
			27 504	–	–	27 504
Tranche 1	June 2020	34.00	9 168	–	–	9 168
Tranche 2	June 2020	34.00	9 168	–	–	9 168
Tranche 3	June 2020	34.00	9 168	–	–	9 168
			–	16 971	–	16 971
Tranche 1	June 2021	61.99	–	5 657	–	5 657
Tranche 2	June 2021	61.99	–	5 657	–	5 657
Tranche 3	June 2021	61.99	–	5 657	–	5 657
Number of Retention Shares			66 732	16 971	(873)	82 830

Annexure 2:
Exchange rates

The following significant exchange rates were applied in the preparation of the Group's results:

	2023		2022	
	Average	**Closing**	**Average**	**Closing**
GB Pound to Rand	**20.34**	**22.21**	20.36	20.61
Euro to Rand	**17.54**	**19.50**	17.35	17.23
US Dollar to Rand	**16.79**	**18.40**	14.85	15.39
Zambian Kwacha to Rand	**1.00**	**0.93**	1.31	1.15
Nigerian Naira to Rand	**0.04**	**0.04**	0.04	0.04
Botswana Pula to Rand	**1.33**	**1.38**	1.31	1.31
United Arab Emirates Dirham to Rand	**4.57**	**5.01**	4.04	4.19

Company accounting policies

Statement of compliance

The financial statements of the company have been prepared in accordance with IFRS and its interpretations adopted by the IASB in issue and effective for the company at 28 February 2023, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, JSE Listings Requirements and the Companies Act of South Africa.

The accounting policies of the company are the same as the Group, where applicable. The policies detailed below are specifically applicable to the company. The financial statements of the company were approved by the Board on 22 May 2023.

1. Basis of preparation

Functional and presentation currency

The financial statements are presented in South African Rand (Rand), which is the company's functional and presentation currency. All financial information presented in Rand has been rounded to the nearest thousand (R000) except for when otherwise indicated.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value and incorporate the principal accounting policies set out below.

2. Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

3. Investment in subsidiaries

In the company's financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

4. Financial instruments

Receivables from/payables to Group companies

These include amounts receivable from and payable to subsidiaries and are recognised initially at fair value. Amounts receivable from Group companies are classified as financial assets at amortised cost. Amounts payable to Group companies are classified as financial liabilities measured at amortised costs.

5. Revenue

Dividends are recognised in profit/loss, when the company's right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.

6. Going concern

The company generated net profit for the year ended 28 February 2023 of R339 million and as of that date its total assets exceeded its liabilities by R235 million.

The entity is in a net current asset position of R46 million.

The directors of Famous Brands Management Company (Pty) Ltd have made a commitment, via a signed board resolution, to not call on the liability from the company for at least 15 months from date of approving the financial statements.

The directors, based on the information available, have assessed and are satisfied that the company is a going concern for the foreseeable future, at least for the next 12 months from the date of approval of the financial statements.

Refer to the consolidated financial statements Note 31 *Going concern* and the assumptions applied.

Company statement of financial position

at 28 February 2023

	Notes	2023 R000	2022 R000
Assets			
Non-current assets			
Investments in subsidiaries	1	**639 462**	476 303
Current assets		**50 492**	766
Receivables from Group companies	1	**49 590**	–
Other receivables	2	**683**	548
Cash and cash equivalents	3	**219**	218
Total assets		**689 954**	477 069
Equity and liabilities			
Capital and reserves			
Share capital	4	**1 002**	1 002
Share premium		**164 811**	164 811
Reserves	5	**266 907**	239 237
Accumulated losses		**(208 822)**	(221 541)
Total equity		**223 898**	183 509
Non-current liabilities			
Payables to Group companies	1	**462 959**	290 524
Current liabilities		**3 097**	3 036
Trade and other payables	6	**295**	618
Shareholders for dividends		**2 802**	2 418
Total liabilities		**466 056**	293 560
Total equity and liabilities		**689 954**	477 069

Company statement of profit or loss and other comprehensive income

for the year ended 28 February 2023

	Notes	2023 R000	2022 R000
Revenue	7	**345 263**	–
Operating expenses		**(5 671)**	(6 998)
Operating profit/(loss) before impairments		**339 592**	(6 998)
Impairment	8	**–**	(6 118)
Operating profit/(loss)		**339 592**	(13 116)
Net finance costs		**(284)**	7
Finance costs		**(301)**	–
Finance income		**17**	7
Profit/(loss) before tax	8	**339 308**	(13 109)
Tax	9	**–**	–
Profit/(loss) for the year		**339 308**	(13 109)
Total comprehensive profit/(loss) for the year		**339 308**	(13 109)

Company statement of changes in equity

for the year ended 28 February 2023

	Share capital R000	Share premium R000	Non-distributable reserves R000	Accumulated losses R000	Total equity R000
Balance at 31 March 2021	1 002	164 811	198 139	(208 432)	155 520
Equity settled share-based payment schemes	–	–	41 098	–	41 098
Total comprehensive income for the year	–	–	–	(13 109)	(13 109)
Payment of dividends	–	–	–	–	–
Balance at 31 March 2022	**1 002**	**164 811**	**239 237**	**(221 541)**	**183 509**
Equity settled share-based payment schemes	**–**	**–**	**31 749**	**–**	**31 749**
Transfer between reserves	**–**	**–**	**(4 079)**	**4 079**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**339 308**	**339 308**
Payment of dividends	**–**	**–**	**–**	**(330 668)**	**(330 668)**
Balance at 28 February 2023	**1 002**	**164 811**	**266 907**	**(208 822)**	**223 898**
	Note 4	Note 4	Note 5		

Company statement of cash flows

for the year ended 28 February 2023

	Notes	**2023 R000**	2022 R000
Cash utilised in operations	10	**(6 129)**	(7 126)
Dividends received		**345 263**	–
Finance income received		**17**	7
Dividends paid to owners of Famous Brands Limited	10	**(330 284)**	–
Net cash inflow/(outflow) from operating activities		**8 867**	(7 119)
Cash utilised in investing activities			
Net cash outflow on investment in subsidiaries		**(131 410)**	–
Increase in receivables from Group companies		**(49 590)**	–
Net cash outflow from investing activities		**(181 000)**	–
Cash flow from financing activities			
Increase in payables to Group companies	10	**172 134**	7 093
Cash inflow from financing activities		**172 134**	7 093
Net increase/(decrease) in cash and cash equivalents		**1**	(26)
Cash and cash equivalents at the beginning of the year		**218**	244
Cash and cash equivalents at the end of the year	3	**219**	218

Notes to the company financial statements

for the year ended 28 February 2022

	2023 R000	2022 R000
1. Investments, receivables and payables with Group companies		
Investments in subsidiaries*	**639 462**	476 303
Net amount owing to subsidiaries	**(413 369)**	(290 524)
Receivables from Group companies	**49 590**	–
Payables to Group companies	**(462 959)**	(290 524)
	226 093	185 779

* *Unlisted shares at cost less impairment. The company acquired the "shares and claims" of Steers Properties (Pty) Ltd and Halamandaris Props (Pty) Ltd during the 2023 financial year. The effective date of the acquisition was 22 February 2023 and the cost of the acquisition was R131 million. The claims related to the right to collection of the loans payable to previous shareholders of R50 million.*

Receivable from Group companies – Steers Properties (Pty) Ltd and Halamandaris Props (Pty) Ltd

The company purchased the rights to the collection of the loans to shareholders in the newly acquired entities, Steers Properties (Pty) Ltd and Halamandaris Props (Pty) Ltd. The R50 million loans are interest-free and have no fixed terms of repayment.

Payables to Group companies – Famous Brands Management Company (Pty) Ltd

The amounts owing from/(to) Group companies are interest free and have no fixed terms of repayment. However, repayment is not expected in the foreseeable future, hence liquidity risk is considered low. Manco will not require repayment of the loan for at least the next 15 months and will also continue to provide financial support to Famous Brands Limited against all claims for at least the next 15 months.

Impairment of investment in subsidiaries

A schedule of subsidiaries of the company is set out in note 24 of the consolidated financial statements.

	2023 R000	2022 R000
Reconciliation of the movement in unlisted shares at cost less amounts written off		
Balance at the beginning of the year	**476 303**	435 205
Change in Investment in Subsidiary - IFRS2 Share based payments	**31 749**	41 098
Investment in subsidiaries	**131 410**	–
Carrying amount of investments in subsidiaries	**639 462**	476 303

	2023 R000	2022 R000
2. Other receivables		
Non-financial instruments		
VAT receivable	**683**	548
	683	548

2. Other receivables (continued)

Fair value of other receivables

There is no material difference between the fair value of trade and other receivables and their book value due to the short-term nature of these items.

The maximum exposure to credit risk at the reporting date is the fair value of other receivables above.

The company does not hold any collateral as security.

	2023 R000	2022 R000
3. Cash and cash equivalents		
Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position items:		
Cash and cash equivalents	**219**	218
Cash on hand and bank balances	**219**	218

The fair value approximates the book value of cash and cash equivalents.

	2023 R000	2022 R000
4. Share capital and share premium		
Share capital	**1 002**	1 002
Share premium	**164 811**	164 811
	165 813	165 813
Share capital		
Authorised		
200 000 000 (2022: 200 000 000) ordinary par value shares of one cent each	**2 000**	2 000
Unissued		
99 797 716 (2022: 99 797 716) ordinary par value shares of one cent each	**998**	998
Issued		
Total shares in issue 100 202 284 (2022: 100 202 284) ordinary par value shares of one cent each	**1 002**	1 002
Share premium		
Shares in issue at the end of the year	**164 811**	164 811

Reconciliation of movements in the number of ordinary shares	2023 Number of shares	2022 Number of shares
Authorised	**200 000 000**	200 000 000
Issued		
Shares for the year	**100 202 284**	100 202 284
Unissued shares at the end of the year	**99 797 716**	99 797 716

	2023 R000	2022 R000
5. Reserves		
Share-based payments	**266 907**	239 237
	266 907	239 237

	2023 R000	2022 R000
6. Trade and other payables		
Financial instruments		
Other payables	**290**	3
Accruals	**5**	615
	295	618

Accruals represent miscellaneous contractual liabilities that relate to expenses that were incurred, but not paid for at year end.

The book value of trade and other payables approximates fair values.

	2023 R000	2022 R000
7. Revenue		
Dividends received from subsidiaries	**345 263**	–
	345 263	–

Dividends for 2023 were received from Famous Brands Management Company (Pty) Ltd.

	2023 R000	2022 R000
8. Profit/(loss) before tax		
Profit/(loss) before tax is calculated after taking into account, among other items, those detailed below:		
Directors' remuneration (Refer to note 22 of the consolidated financial statements)	**4 604**	5 556
Non-executive directors	**4 604**	5 556
Executive directors	**18 677**	11 914
Less: amounts paid by subsidiaries	**(18 677)**	(11 914)
Auditors' remuneration	**841**	2 180
Net finance costs	**284**	(7)
Finance costs	**301**	–
Finance income	**(17)**	(7)
Impairment of intercompany loan*	**–**	6 118

* *Relates to the write off of the related party balance with Famous Brands Share Incentive Scheme.*

	2023 R000	2022 R000
9. Tax		
Reconciliation of rate of tax	**%**	%
South African normal rate of tax	**28.0**	28.0
Reduction in rate for year due to:		
Exempt dividend income	**(28.5)**	–
Increase in rate for year due to:		
Disallowable expenditure*	**0.7**	(13.1)
Tax losses not recognised	**(0.2)**	(14.9)
Effective rate of tax	**–**	–

* *A deferred tax asset on the assessed loss has only been recognised to the extent of available taxable temporary differences.*

	2023 R000	2022 R000
10. Cash flow information		
Reconciliation of profit/(loss) before tax to cash utilised in operations		
Profit/(loss) before tax	**339 308**	(13 109)
Adjustments for:		
Impairment	**–**	6 118
Dividends received	**(345 263)**	–
Finance costs	**301**	–
Finance income	**(17)**	(7)
Cash utilised before changes in working capital	**(5 671)**	(6 998)
Working capital changes	**(458)**	(128)
(Increase)/decrease in receivables	**(135)**	1 097
Decrease in payables	**(323)**	(1 225)
Cash utilised in operations	**(6 129)**	(7 126)

	2023 R000	2022 R000
10. Cash flow information (continued)		
Reconciliation of dividends paid during the year		
Amounts owing at the beginning of the year	**(2 418)**	(2 418)
Amounts charged to retained earnings	**(330 668)**	–
Amounts owing at the end of the year	**2 802**	2 418
Dividends paid*	**(330 284)**	–
Reconciliation of financing activities		
Amount owing to subsidiaries		
Carrying value at beginning of the year	**290 524**	283 431
Cash movement	**172 134**	7 093
Finance costs	**301**	–
Carrying value at end of the year	**462 959**	290 524

* *Includes payment of previously unclaimed dividends.*

11. *Risk management*

The company has exposure to the following risks from its use of financial instruments: market risk (foreign exchange, interest rate), liquidity risk, credit risk and capital risk. This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing financial risk, and the company's management of capital.

The major guidelines of this policy are the following:

- to minimise interest rate, currency and market risk for all transactions;
- to ensure that all financial risk management activities are carried out and monitored at a central level; and
- to ensure that all financial risk management activities are carried out on a prudent and consistent basis.

The company audit committee oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of the risk management controls and procedures. The results are reported to the audit committee and management for remediation.

	2023 Carrying amount R000	2022 Carrying amount R000
Financial assets		
Measured at amortised cost:		
Cash and cash equivalents	**219**	218
Receivables from Group companies	**49 590**	–
	49 809	218
Financial liabilities		
Measured at amortised cost:		
Trade and other payables	**295**	618
Shareholders for dividends	**2 802**	2 418
Payables to Group companies	**462 959**	290 524
	466 056	293 560

The carrying amounts of current financial assets and liabilities are considered to approximate the fair values.

11. Risk management (continued)

11.1 Liquidity risk

The company manages liquidity risk on the basis of expected maturity dates, through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared, adequate borrowing facilities are secured and utilisation monitored.

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

	2023		
	Less than 1 year R000	**1 – 5 years R000**	**Total R000**
Trade and other payables	**295**	**–**	**295**
Payables to Group companies	**–**	**462 959**	**462 959**
Shareholders for dividends	**2 802**	**–**	**2 802**
	3 097	**462 959**	**466 056**

	2022		
	Less than 1 year R000	**1 – 5 years R000**	**Total R000**
Trade and other payables	618	–	618
Payables to Group companies	–	290 524	290 524
Shareholders for dividends	2 418	–	2 418
	3 036	290 524	293 560

At present the company expects to pay all liabilities at their contractual maturity. In order to meet such cash commitments the company expects operating activities to generate sufficient cash inflows.

11.2 Credit risk

Credit risk is managed on a Group-wide basis. Credit risk consists mainly of cash deposits, cash equivalents and other debtors. The company only deposits cash with major banks with high-quality credit standing and limits exposure to any one counterparty.

The company's credit risk mainly lies with loans with Group companies. The three-stage model (general approach) is applied in determining expected credit losses for receivables from Group companies (i.e. intercompany receivables). At each reporting date, the company assesses whether the credit risk on the financial instruments has increased significantly since initial recognition. The following indicators are incorporated: significant increases in credit risk on other financial instruments of the same borrower, actual or expected significant adverse changes in business, financial and economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations. The expected credit loss in relation to receivables from Group companies has been assessed as negligible.

The loans are provided to subsidiaries on an ongoing basis except where it is considered an equity loan and is included as part of the net investment in the borrower.

The loans, which are not equity loans, are generally repayable on demand and interest free.

	2023 R000	**2022 R000**
Receivables from Group companies	**49 590**	–
Cash and cash equivalents	**219**	218
	49 809	218

12. Schedule of investments in subsidiaries

Please refer to Note 25 *Schedule of investment in subsidiaries and associates* of the consolidated financial statements.

13. Related party transactions

Related parties to the company include the companies direct and indirect subsidiaries, joint ventures, associates and key management which is defined as appointed directors of the company as well as directors of related entities of the company. The company, in the ordinary course of business, enters into transactions with related parties which may include the rendering of services, funding arrangements or transfer of resources to related parties.

	2023 R000	2022 R000
13.1 Transactions between the holding company and subsidiaries		
Dividends received	**345 263**	–
Finance cost	**(301)**	–
Management fees received by the Company from the operating subsidiary for statutory costs incurred	**–**	1 464

13.2 Remuneration

The remuneration for directors of the holding company paid during the year by subsidiaries within the Group has been disclosed in Note 22 *Directors remuneration*. Executive directors are defined as key management.

13.3 Receivables from/payable to Group companies

The intercompany loan balances, including the terms and conditions, have been disclosed in note 25 of the consolidated financial statements and note 1 of the company financial statements.

14. Subsequent events

Dividend

The Board has declared a final dividend of 233 cents per ordinary share based on the Group's good results and future prospects. The dividend is being paid out of profits for the year ended 28 February 2023 in the amount of R233 million.

Changes to the Board of Directors

The following changes to the composition of the Board took place during the financial year and up to the date of this report:

- Busisiwe Mathe was appointed as a Social and Ethics Committee member, effective 3 November 2022.
- Thabo Mosololi was appointed as an independent non-executive director and Audit and Risk Committee member, effective from December 2022 and February 2023, respectively.
- On 8 March 2023, Norman Adami resigned as an Audit and Risk Committee member. He remains a member of the Nomination and Investment Committees.
- Further to the announcement released by the Company on 22 December 2022, shareholders are advised that Mr Deon Fredericks will retire as Group Financial Director and member of the Board on 31 July 2023. Ms Nelisiwe Shiluvana will assume the position of Group Financial Director and become a member of the Board with effect from 1 August 2023.
- Mr John Halamandres will retire as member of the Board with effect from the Annual General Meeting on 20 July 2023.

Shareholder spread

AT 28 February 2023

	Number of Shareholdings	% of total shareholdings	Number of Shares	% of issued Capital
Shareholder Spread				
1 – 10 000	6 742	93.87	4 218 853	4.21
10 001 – 50 000	234	3.26	5 480 959	5.47
50 001 – 100 000	60	0.84	4 276 366	4.27
100 001 – 1 000 000	127	1.77	37 391 025	37.32
Over 1 000 000	19	0.26	48 835 081	48.73
Total	7 182	100.00	100 202 284	100.00
Distribution of shareholders				
Individuals	6 118	85.18	9 754 087	9.73
Insurance companies	6	0.08	1 761 238	1.76
Investment trusts	246	3.43	7 664 100	7.65
Other companies and corporate bodies	812	11.31	81 022 859	80.86
Total	7 182	100.00	100 202 284	100.00
Shareholder Type				
Non-public shareholders	31	0.43	18 906 928	18.87
Directors and associates (Direct)	11	0.15	5 420 918	5.41
Directors and associates (Indirect)	20	0.28	13 486 010	13.46
Public shareholders	7 151	99.57	81 295 356	81.13
Beneficial holders >10% (GEPF)	5	0.07	10 875 863	10.85
Other public shareholders	7 146	99.50	70 419 493	70.28
Total	7 182	100.00	100 202 284	100.00
Fund managers greater than 5% of the issued shares				
Coronation Fund Managers	–	–	29 062 734	29.00
Public Investment Corporation	–	–	6 319 187	6.31
Visio Capital Management	–	–	8 392 716	8.38
Total	–	–	43 774 637	43.69
Direct and indirect beneficial shareholders greater than 5% of the issued shares (excluding directors)				
Coronation Fund Managers	–	–	15 187 247	15.16
Government Employees Pension Fund	–	–	10 875 863	10.85
Panis Trust	–	–	6 828 955	6.82
Total	–	–	32 892 065	32.83
Total number of shareholdings	7 182	–	–	–
Total number of shares in issue	–	–	100 202 284	–

Administration

Famous Brands Limited

Incorporated in the Republic of South Africa
Registration number: 1969/004875/06
JSE share code: FBR
ISIN code: ZAE000053328

Directors

NJ Adami, SL Botha (Independent Chairman), CH Boulle, N Halamandaris, JL Halamandres, DP Hele (Chief Executive Officer)*, AK Maditse, B Mathe, F Petersen-Cook, T Mosololi and DJ Fredericks (Group Financial Director)*.

* *Executive*

Company secretary

CD Appollis

Registered office

478 James Crescent, Halfway House, Midrand, 1685
PO Box 2884, Halfway House, 1685
Telephone: +27 11 315 3000
Email: investorrelations@famousbrands.co.za
Website address: www.famousbrands.co.za

Transfer secretaries

Computershare Investor Services Proprietary Limited
Registration number: 2004/003647/07
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196, South Africa
PO Box 61051, Marshalltown, 2107

Sponsor

The Standard Bank of South Africa Limited
Registration number: 1969/017128/06
30 Baker Street, Rosebank, 2196

Auditors

KPMG Inc
Registration number: 1999/021543/21
85 Empire Road, Parktown, Johannesburg, 2193

famous | brands
you're in good company

+27 11 315 3000

investorrelations@famousbrands.co.za
companysecretary@famousbrands.co.za

478 James Crescent, Halfway House, South Africa, 1685