famous | brands

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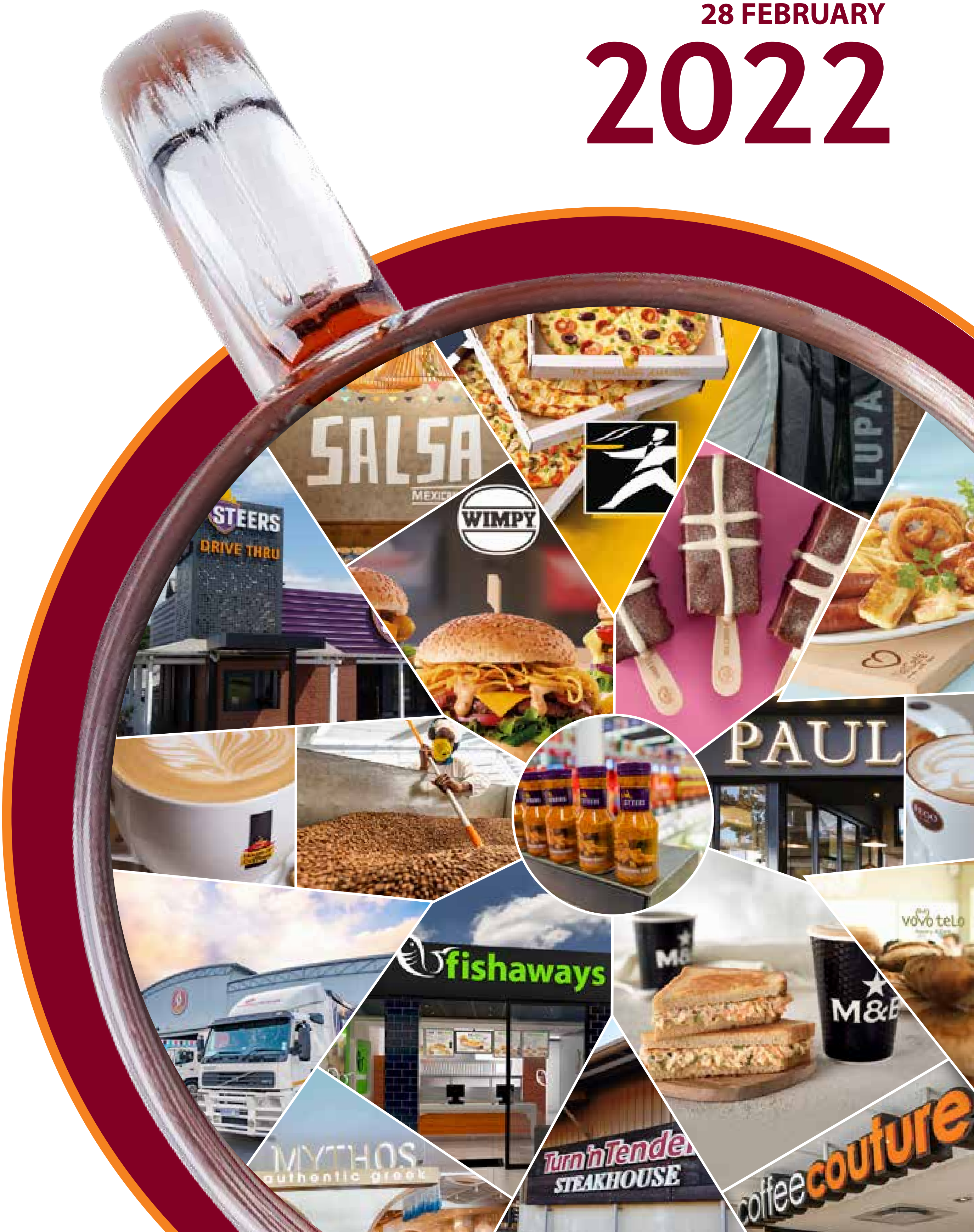
CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

28 FEBRUARY
2022



Audited financial statements and other information

for the year ended 28 February 2022

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 2022

The directors have pleasure in submitting their report for the year ended 28 February 2022.

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 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.

Famous Brands' vertically integrated business model comprises a portfolio of 17 brands represented by a franchise network of 2 824 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 pages 13 to 106.

Significant events

All significant events have been detailed within the financial results.

Corporate governance

The Corporate governance report is set out in the 2022 Integrated Annual Report (IAR).

Tangible and intangible assets

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

Performance subsequent to reporting date

Acquisition of Lexi's Healthy Eatery

Effective from 1 April 2022 the Group acquired a 51% interest in Lexi's Healthy Eatery for R3.3 million. Lexi's is a casual dining restaurant brand, offering a full-service, sit-down, plant-based dining experience across all key day parts.

The acquisition of Lexi's is aligned with Famous Brands' three-year strategic roadmap, which includes acquiring brands that have the potential to lead in their category, and which offer growth prospects based on opportunities to improve existing operational efficiencies in the target business.

July unrest insurance claim

The Group submitted a claim for gross profit loss related to the July 2021 unrest. The claim was approved by insurers on 10 May 2022 and payment was received on 26 May 2022, refer to note 30 for details.

Liquidation claim in relation to GBK

On 6 May 2022, the Group received notification from the liquidators of GBK indicating an intention to make an interim distribution to creditors of GBK Restaurants Limited with agreed claims. The actual amount of the distribution is not yet certain but in their notice the liquidators estimated the interim dividend to be 5 Pence in the Pound to creditors with agreed claims. The Group's claim against GBK for dividend purposes amounts to GBP55.2 million. The liquidator indicated that the interim dividend will be declared within two months of the last date of approving – 6 August 2022.

Prospects

Trading has improved significantly, and we are optimistic that revenues will recover further. While we are concerned about weak economic conditions, high inflation, and poor consumer spending, we expect to see a sustained recovery in in the 2023 financial year as COVID-19 restrictions fall away. Our short-term focus is to sustain our revenue while achieving positive cash generation, while our medium-term focus is to recover margin. We reduced our interest-bearing debt in the current financial year and will continue this trajectory in the 2023 financial year. While the COVID-19 impact on Signature Brands has been severe, we see some improvement as customers begin to celebrate special occasions again.

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

Dividends

We have declared a dividend of 200 cents per share. The Group has produced significantly improved results which enabled us to consider paying a dividend. We considered the Group's current performance and future prospects. The dividend is being paid out of profits for the year ended 28 February 2022 in the amount of R200 million.

Share capital

The authorised and issued share capital of the company as at 28 February 2022 is set out in Note 9 *Equity reserves* of the consolidated financial statements.

There were no new shares issued in the current financial 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 79% (2021: 76%) of ordinary shares being held by the public as at 28 February 2022. Details of the company's shareholder spread, and material shareholders are set out on page 107.

Directors and Company Secretary

The names of the directors and the Company Secretary at the date of this report are detailed on page 108 of this document.

Changes to the Board

The following changes took place during the period:

- 1 June 2021: Fagmeedah Petersen-Cook was appointed as an independent non-executive director.
- 11 June 2021: Lebo Ntlha resigned as Group Finance Director effective 30 November 2021.
- 23 July 2021:
  - Emma Mashilwane retired from the Board at the Famous Brands Annual General Meeting.
  - Chris Boulle was appointed as Chair of the Remuneration Committee and stepped down as Chairman of the Investment Committee.
  - Fagmeedah Petersen-Cook was appointed as Chair of the Investment Committee.
  - Johnny Halamandres stepped down as a member of the Investment Committee.
- 1 August 2021:
  - Deon Fredericks was appointed as Group Financial Director-Elect and stepped down as member and Chair of the Audit and Risk Committee. Deon assumed full responsibility for the Group Financial Director with effect from 15 November 2021.
  - Chris Boulle was appointed as the Chair of the Audit and Risk Committee.
- 11 October 2021:
  - Busisiwe Mathe was appointed as an independent non-executive director.
- 26 October 2021:
  - Busisiwe Mathe appointed as a member of the Audit and Risk Committee.
  - Chris Boulle stepped down as Chairman of the Social and Ethics Committee, but remains a member.
  - Alex Maditse appointed as Chairman of the Social and Ethics Committee.

Special resolutions

The Special Resolutions passed by the company at its AGM held on 23 July 2021 are detailed on page 6 to 9 of the 2021 Notice of AGM of Shareholders and Summarised Results.

At the next AGM to be held on 22 July 2022, 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 2022

Composition and attendance

Chairman

DJ Fredericks* (3/1)
CH Boulle (3/2)

Members

NJ Adami (3/3)
F Petersen-Cook** (3/2)
BM Mathe*** (3/2)
TE Mashilwane*** (3/1)

Invitees

DP Hele: Group CEO (3/3)
K Ntlha: Group FD (3/2)
DJ Fredericks: Group FD* (3/2)
SL Botha (3/3)
N Halamandaris (3/2)
N Ndaba: Group Risk Executive (3/3)
CD Appollis: Group Company Secretary (3/3)
N Shiluvana: Group Finance Executive (3/2)

* *Deon Fredericks stepped down as the Chairman and member of the Audit and Risk Committee on the announcement of his appointment as Group Financial Director. He attends the Audit and Risk Committee as an invitee. Chris Boulle was appointed as the new Chairman for the Committee.*

** *Fagmeedah Petersen-Cook joined the Board and the Committee in June 2021.*

*** *Busisiwe joined the Board and the Committee in October 2021.*
TE Mashilwane resigned from the Board at the AGM on 23 July 2021 and left the Audit and Risk Committee.

The key focus for the Committee was assessing the timeline for the return to normal trading, reviewing debt service and covenant requirements and the working capital requirements to support this return, while operating in an ongoing risk-laden economic environment.

Mandate

The purpose of the Audit and Risk 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 2022

General

- Reviewed and approved the Committee Charter.
- Reviewed and recommended the IAR to the Board for approval.

Annual assessments

In a closed session with the auditors, the Committee reviewed and considered the following assessments:

- the Group Finance Director;
- the finance structure; and
- the Head of Internal Audit.

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.

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 Rees Pollock Chartered Accountants in the UK and PKF Botswana, and deemed them appropriate; and
- reviewed the external auditors' report on the consolidated and company AFS 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
- reviewed the implementation of the project to address the internal controls projects to enable the CEO and Group Financial Director to provide a positive statement on the adequacy and effectiveness of internal financial reporting controls.

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; and
- performed the annual review and approval of the Risk Management Charter.

Financial statements, accounting practices and other financial matters

- reviewed the assessment prepared by management of the going concern status of the Company and made recommendations to the Board. The Committee concurred that the adoption of the going concern is appropriate for the preparation of the AFS;
- reviewed the financial and general covenants applicable to the Group based on the lending 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 AFS, 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 short and long-form announcements, interim results and AFS to the Board for approval;
- considered accounting treatments, significant unusual transactions and key accounting judgements;
- reviewed and recommended the interim results and AFS to the Board for approval and considered the appropriateness of the accounting policies adopted and changes thereto;
- considered accounting treatments, significant unusual transactions and key accounting judgements;
- considered the reports of the internal and external auditors on the Group's systems of internal control, including financial controls, business risk management and maintenance of an effective internal control system;
- considered the reports of the internal and external auditor on the Group's systems of internal control including financial controls, business risk management and maintenance of an effective internal control 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.

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 an estimated timeline for the return to normal trading, 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 AFS.

Key focus areas for 2023

The key focus areas identified for the coming year are as follows:

- Further improvements to financial controls.
- Improving consolidation of financial statements and financial reporting.
- Enhancing finance team structure and skills depth.

Conclusion

Having considered all the material factors and the key audit matter, the Committee recommended the AFS for the year ended 28 February 2022 for approval to the Board. The Board approved the AFS on 31 May 2022, 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

31 May 2022

CEO and GFD responsibility statement

for the year ended 28 February 2022

a) the Annual Financial Statements set out on pages 13 to 106, 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) 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; and

d) the internal controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and have taken and will take the necessary remedial action, and any fraud that involves directors.

DP Hele
Chief Executive Officer (CEO)

31 May 2022

DJ Fredericks
Group Financial Director (GFD)

31 May 2022

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 2022, 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

31 May 2022

Approval of the consolidated and company financial statements

for the year ended 28 February 2022

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 then ended, 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 2022, 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 control 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, in all reasonable circumstances, 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, in light of 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

31 May 2022

DP Hele
Chief Executive Officer

31 May 2022

Independent auditor's report

for the year ended 28 February 2022

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 106, which comprise the consolidated and company statements of financial position at 28 February 2022, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows, the primary (business units) and secondary (geographical) segment report, the statement of compliance, notes to the consolidated financial statements for the year then ended, including a summary of significant accounting policies and company accounting policies and notes to the company financial statements for the year then ended.

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 at 28 February 2022, 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 matters

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 assets Refer to note 2 "Intangible assets" and note 13 "Profit/(loss) before tax" (Significant judgements and estimation uncertainty – Impairment of non-financial assets) of the consolidated financial statements	
Key audit matter	**How the matter was addressed in our audit**
Intangible assets relating to goodwill, trademarks and brand names assets total R829 million (95% of intangible assets) which makes up 51% of total non-current assets. 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, trademarks and brand names with indefinite useful lives. Impairment assessments of goodwill, trademarks and brand names are performed using discounted cash flow models. As disclosed in note 2, there are a number of key judgements made in determining the inputs into the value in use models 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 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 each cash-generating unit, trademark or brand name complies with the requirements of IAS 36; • challenged the assumptions used by management in their value in use calculations by: – 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; – assessing the reasonableness of the terminal growth rates in relation to external market data; – 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 to determine whether they are reasonable and supportable given the current macro-economic climate and expected future performance of each cash-generating unit, trademark or brand name; • Compared 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 performed; 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 2022", which includes the Directors' report, Audit and Risk Committee's report, 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.

When we read the Integrated Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

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 the 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 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with 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 two years.

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

31 May 2022

KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2193

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

at 28 February 2022

	Notes	2022 R000	2021* R000
Assets			
Non-current assets		**1 624 848**	1 692 587
Property, plant and equipment	1	**640 442**	667 098
Intangible assets	2	**871 631**	917 450
Investments in associates	3	**9 351**	21 714
Loans to associates	3	**11 269**	–
Lease receivables	4	**13 636**	26 259
Deferred tax	5	**78 519**	60 066
Current assets		**1 334 803**	1 300 586
Inventories	6	**408 191**	354 243
Trade and other receivables	7	**447 225**	488 505
Cash and cash equivalents	8.1	**333 435**	351 871
Restricted cash	8.2	**122 793**	92 486
Lease receivables	4	**8 470**	–
Derivative financial instruments	26	**9 563**	8 011
Current tax assets		**5 126**	5 470
Total assets		**2 959 651**	2 993 173
Equity and liabilities			
Capital and reserves			
Share capital	9	**1 002**	1 002
Share premium	9	**163 441**	163 441
Non-distributable reserves		**115 776**	88 786
Foreign currency translation reserve		**54 907**	67 802
Retained earnings/(loss)		**266 132**	(51 525)
Equity attributable to owners of Famous Brands Limited		**601 258**	269 506
Non-controlling interests		**119 287**	121 258
Total equity		**720 545**	390 764
Non-current liabilities		**1 194 789**	1 805 314
Borrowings	10	**881 670**	1 462 600
Lease liabilities	4	**232 109**	256 934
Deferred tax	5	**81 010**	85 780
Current liabilities		**1 044 317**	797 095
Trade and other payables	11	**675 236**	673 768
Borrowings	10	**256 482**	8 104
Lease liabilities	4	**89 225**	88 142
Shareholders for dividends		**2 418**	2 418
Current tax liabilities		**20 480**	22 300
Derivative financial instruments	26	**476**	2 363
Total liabilities		**2 239 106**	2 602 409
Total equity and liabilities		**2 959 651**	2 993 173

* *Some of the line items have been reclassified to enhance presentation and disclosure, refer to note 28 for details.*

Consolidated statement of profit or loss and other comprehensive income

for the year ended 28 February 2022

	Notes	2022 R000	2021* R000
Continuing operations			
Revenue	12	**6 476 354**	4 683 828
Cost of sales		**(3 564 258)**	(2 677 794)
Gross profit		**2 912 096**	2 006 034
Other income		**20 147**	29 271
Expected credit loss	13	**(10 317)**	(14 972)
Selling and administrative expenses		**(2 267 278)**	(1 725 614)
Operating profit before impairment of intangible assets		**654 648**	294 719
Impairment of intangible assets		**(25 090)**	(175 485)
Operating profit		**629 558**	119 234
Net finance costs		**(107 501)**	(175 667)
Finance costs	14.1	**(124 836)**	(192 269)
Finance income	14.2	**17 335**	16 602
Share of profit of associates		**260**	4 862
Impairment of associate	3	**(8 262)**	(18 000)
Profit/(loss) before tax	13	**514 055**	(69 571)
Tax	15	**(158 555)**	(35 303)
Profit/(loss) from continuing operations		**355 500**	(104 874)
Loss from discontinued operation, net of tax	16	**–**	(1 111 440)
Total profit/(loss) for the year		**355 500**	(1 216 314)
Profit/(loss) for the year attributable to:			
Owners of Famous Brands Limited		**317 657**	(1 239 079)
Non-controlling interests		**37 843**	22 765
Total profit/(loss) for the year		**355 500**	(1 216 314)
Other comprehensive income, net of tax:			
Exchange differences on translating foreign operations**		**(12 895)**	102 956
Pre-tax foreign exchange differences on translating foreign operations		**(12 165)**	142 728
Tax effect on exchange differences on translating foreign operations		**(730)**	(39 772)
Other comprehensive income arising from discontinued operation		**–**	(299 664)
Pre-tax foreign exchange differences realised on discontinued foreign operation		**–**	(367 549)
Tax impact on realised foreign exchange differences on discontinued foreign operation		**–**	67 885
Movement in hedge accounting reserve**		**1 173**	18 364
Pre-tax change in fair value of cash flow hedges		**1 629**	25 505
Tax on movement in hedge accounting reserve		**(456)**	(7 141)
Total comprehensive income/(loss) for the year		**343 778**	(1 394 658)

** Some of the line items have been reclassified to enhance presentation and disclosure, refer to note 28 for details.*
*** This item may be reclassified subsequently to profit or loss.*

	Notes	2022 R000	2021 R000
Total comprehensive income/(loss) attributable to:			
Owners of Famous Brands Limited		**305 935**	(1 417 423)
Non-controlling interests		**37 843**	22 765
Total comprehensive income/(loss) for the year		**343 778**	(1 394 658)
Basic earnings/(loss) per share (cents) from continuing operations			
Basic	17	**317**	(127)
Diluted	17	**317**	(127)
Basic earnings/(loss) per share (cents) including discontinued operation			
Basic	17	**317**	(1 237)
Diluted	17	**317**	(1 234)

Consolidated statement of changes in equity

for the year ended 28 February 2022

	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 2020	1 002	162 840	64 226	264 510	1 187 554	1 680 132	120 260	1 800 392
Issue of capital and share premium	–	601	(601)	–	–	–	–	–
Equity settled share-based payment scheme	–	–	35 050	–	–	35 050	–	35 050
Put-option over non-controlling interest^	–	–	(25 269)	–	–	(25 269)	–	(25 269)
Total comprehensive loss for the year	–	–	18 364	(196 708)	(1 239 079)	(1 417 423)	22 765	(1 394 658)
Dividends declared	–	–	–	–	–	–	(15 307)	(15 307)
Non-controlling interest reduction	–	–	–	–	–	–	(6 460)	(6 460)
Other reserve	–	–	(2 984)	–	–	(2 984)	–	(2 984)
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 profit 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 in ownership interest in subsidiaries	**–**	**–**	**(12 592)**	**–**	**–**	**(12 592)**	**–**	**(12 592)**
Other reserve	**–**	**–**	**1 757**	**–**	**–**	**1 757**	**–**	**1 757**
Balance at 28 February 2022	**1 002**	**163 441**	**115 776**	**54 907**	**266 132**	**601 258**	**119 287**	**720 545**
	Note 9	Note 9						

^ *Relates to disposal of put option.*

Consolidated statement of cash flows

for the year ended 28 February 2022

	Notes	2022 R000	2021* R000
Cash generated from operations	18.1	**871 082**	521 152
Net finance costs paid		**(110 921)**	(161 394)
Finance income received	14.2	**17 335**	13 242
Finance costs paid		**(128 256)**	(174 636)
Income tax paid	18.2	**(183 554)**	(69 540)
Dividends paid		**(43 853)**	(5 512)
Net cash inflow from operating activities		**532 754**	284 706
Cash flow from investing activities			
Additions to property, plant and equipment		**(122 902)**	(72 580)
Intangible assets acquired		**(16 775)**	(11 357)
Proceeds from disposal of property, plant and equipment		**10 185**	15 188
Proceeds from disposal of intangible assets		**3 387**	50
Additional investment in associate		**–**	(1 724)
Net cash inflow on disposal of subsidiary	18.3	**1 283**	43 890
Net cash outflow on disposal of subsidiary	18.3	**(1 266)**	(63 732)
Net cash inflow on disposal of associate		**–**	15 000
Dividends received from associates		**5 888**	4 048
Principal receipts from lease receivables		**11 523**	14 356
Loan to associate		**(10 592)**	–
Loan repayment from associate		**1 806**	–
Net cash outflow from investing activities		**(117 463)**	(56 861)
Cash flow from financing activities			
Net borrowings repaid		**(332 678)**	(188 303)
Borrowings raised	18.4	**24 883**	3 228 867
Borrowings repaid	18.4	**(357 561)**	(3 417 170)
Settlement of interest rate swap		**–**	(40 383)
Non-controlling shareholder loans (repaid)/received	18.4	**(836)**	1 091
Principal repayments of lease obligations		**(77 832)**	(73 490)
Lease incentives received		**1 486**	–
Settlement of put option over non-controlling interest in subsidiary		**–**	(14 828)
Share-based payment grant settlements		**(4 446)**	(6 541)
Acquisition of additional interest in subsidiaries	18.3	**(18 580)**	–
Net cash outflow from financing activities		**(432 886)**	(322 454)
Net decrease in cash and cash equivalents		**(17 595)**	(94 609)
Foreign currency effect		**(841)**	16
Cash and cash equivalents balance at the beginning of the year		**351 871**	446 464
Cash and cash equivalents balance at the end of the year	8	**333 435**	351 871

* *Some of the line items have been reclassified to enhance presentation and disclosure, refer to note 28 for details.*

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

for the year ended 28 February 2022

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 franchised and company-owned restaurants. The Leading (mainstream) brands portfolio is segmented into Quick Service and Casual Dining brands. Several of the Signature (niche) brands are partially owned subsidiaries of the Group and co-managed with the founders of the respective brands.

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). Gourmet Burger Kitchen (GBK) was reported as a discontinued operation in the previous financial year, refer to Note 16 *Discontinued operation*.

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.

	2022 R000	2021 R000
Revenue		
Leading brands	**772 614**	490 540
Signature brands	**145 251**	75 973
Supply Chain	**4 495 536**	3 349 104
Manufacturing	**2 769 990**	2 117 718
Logistics	**4 051 537**	2 994 081
Retail	**222 123**	151 209
Eliminations	**(2 548 114)**	(1 913 904)
Marketing funds	**583 277**	325 003
Corporate	**1 274**	14 874
South Africa	**5 997 952**	4 255 494
United Kingdom – Wimpy	**132 586**	112 322
Rest of Africa and Middle East	**345 816**	316 012
Continuing operations	**6 476 354**	4 683 828
Discontinued operation	**–**	337 669
Total operations	**6 476 354**	5 021 497

Operating segments (continued)

	2022 R000	2021 R000
Operating profit		
Leading brands	**370 761**	200 416
Signature brands	**(7 748)**	(31 246)
Supply Chain	**361 474**	169 105
Manufacturing	**299 397**	181 177
Logistics	**60 442**	(12 883)
Retail	**1 635**	811
Corporate	**(120 952)**	(87 877)
Share-based payment charge	**(41 098)**	(41 590)
Consolidation entries	**(8 725)**	2 041
Corporate administration costs	**(71 129)**	(48 328)
South Africa	**603 535**	250 398
United Kingdom – Wimpy	**16 982**	14 392
Rest of Africa and Middle East	**34 131**	29 929
Operating profit before impairment of intangible assets	**654 648**	294 719
Impairment of intangible assets	**(25 090)**	(175 485)
Leading brands	**–**	(36 624)
Signature brands	**–**	(95 085)
Manufacturing	**–**	(18 575)
United Kingdom – Wimpy	**(25 090)**	(25 200)
Operating profit	**629 558**	119 234
Net finance cost	**(107 501)**	(175 667)
Share of profit of associates	**260**	4 862
Impairment of associate	**(8 262)**	(18 000)
Tax	**(158 555)**	(35 303)
Loss from discontinued operation before tax*	**–**	(1 111 440)
Total profit/(loss) for the year	**355 500**	(1 216 314)

* *Prior year figure includes operating loss of R101.7 million.*

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

PRIMARY (BUSINESS UNITS) AND SECONDARY (GEOGRAPHICAL) SEGMENT REPORT continued

	2022 R000	2021 R000
Operating segments (continued)		
Segmental operating margins after impairments		
Leading brands	**48.0%**	33.4%
Signature brands	**(5.3%)**	(166.3%)
Supply Chain	**8.0%**	4.9%
Manufacturing	**10.8%**	7.7%
Logistics	**1.5%**	(0.4%)
Retail	**0.7%**	0.5%
South Africa	**10.1%**	1.8%
United Kingdom – Wimpy	**(6.1%)**	(9.6%)
Rest of Africa and Middle East	**9.9%**	9.5%
Continuing operations	**9.7%**	2.5%
Discontinued operation	**–**	(30.1%)
Total operations	**9.7%**	0.3%
Geographical allocation of revenue		
United kingdom*	**132 586**	449 991
Botswana	**285 156**	267 427

* *Revenue for previous financial year includes GBK.*

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

	2022 R000	2021 R000
Geographical allocation of non-current assets		
South Africa	**1 239 661**	1 300 642
United Kingdom	**177 729**	208 892
Botswana	**96 026**	80 966
Rest of Africa and Middle East (excluding Botswana)	**19 277**	15 762
Total	**1 532 693**	1 606 262
Additions to non-current assets by segment*		
Leading brands	**23 355**	25 029
Signature brands	**20 843**	5 832
Manufacturing	**56 501**	20 031
Logistics	**2 629**	4 085
Retail**	**137**	–
Corporate	**5 887**	1 507
South Africa	**109 352**	56 484
Rest of Africa and Middle East	**30 247**	25 097
United Kingdom	**78**	2 356
Total	**139 677**	83 937

* *Relates to property, plant equipment and intangible assets.*
** *Additions relating to Retail were included under Logistics in the prior year.*

Statement of compliance

for the year ended 28 February 2022

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 2022, 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 31 May 2022.

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 32 *Going Concern.*

Accounting policies (continued)

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of Famous Brands Limited and all subsidiaries and associates up to 28 February 2022.

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.

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:

Interest Rate Benchmark Reform – Phase 2 (Amendment, effective for financial years beginning on or after 1 January 2021 which amends): IFRS 4 *Insurance Contract*s, IFRS 7 *Financial Instruments: Disclosures,* IFRS 9 *Financial Instruments,* IFRS 16 *Leases*, IAS 39 *Financial Instruments: Recognition and Measurement*. These amendments do not have an impact on the Group's financial results or position since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 28 February 2022, there is no impact on opening equity balances as a result of retrospective application.

IFRS 16 *Amendment* – the amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The Group has assessed the impact, as an on-going process this is applicable on lease-by-lease, based on the concession granted by the lessor. The amendment does not have an impact as the Group has elected not to apply the concession. The change in lease term or payment is treated as a remeasurement.

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 2022 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)
IFRS 3 *Business Combination* (Amendment)	
The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	1 January 2022
IAS 16 *Property, plant, and equipment*	
The amendments prohibit 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.	1 January 2022
IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Amendments)	
The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.	1 January 2022
IAS 1 *Presentation of Financial Statements*	
Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendment provides 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 2023
IAS 1 *Presentation of Financial Statements and Practice Statement 2* (Amendment)	
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* (Amendment)	
The 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 a new definition of accounting estimates.	1 January 2023
IAS 12 *Deferred tax related to assets and liabilities arising from a single transaction* (Amendment)	
The amendments require 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

Accounting policies (continued)

1.7 Annual improvements to IFRS Standards

Standard	Effective date (for financial years beginning on or after)
IFRS 1 *First-time Adoption of International Financial Reporting Standards*	
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.	1 January 2022
IFRS 9 *Financial Instruments*	
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 of lender on the other's behalf.	1 January 2022
IFRS 16 *Leases, Illustrative Example 13*	
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.	1 January 2022

Notes to the consolidated financial statements

for the year ended 28 February 2022

1. *Property, plant and equipment*

	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
Carrying amount at 1 March 2020	31 265	556 050	219 739	53 681	36 745	99 796	1 229 521	2 226 797
Cost	41 341	1 082 683	685 127	126 244	145 630	231 364	1 369 132	3 681 521
Accumulated depreciation and impairment	(10 076)	(526 633)	(465 388)	(72 563)	(108 885)	(131 568)	(139 611)	(1 454 724)
Additions	584	17 887	28 123	4 685	7 409	13 893	91 874	164 454
Foreign currency translation	3 373	44 840	316	6 323	(4 906)	1 121	112 246	163 313
Disposals	(1 994)	(4 110)	(4 459)	(4 034)	(242)	(2 422)	(8 614)	(25 875)
Disposals of GBK	–	(221 987)	(13 903)	–	(8 403)	(58 947)	(995 444)	(1 298 684)
Depreciation*	(2 379)	(47 059)	(44 255)	(13 076)	(12 981)	(16 297)	(139 936)	(275 983)
Impairment*	–	(286 924)	–	–	–	–	–	(286 924)
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 28 February 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)**

The cost and net carrying amount of the land within land and buildings is R14 million (2021: R12 million).

* *Gourmet Burger Kitchen (GBK) impact:*
Included in the previous financial year depreciation and impairment is the impact of GBK of R112 million and R286.9 million, respectively. The impairment was at restaurant level based on the total calculated GBK cash generating unit before GBK was placed into administration, refer to note 16 for more information relating to the GBK discontinued operation.

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 period 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 Note 13 *Profit/(loss) 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 2020	1 602 344	579 886	60 746	31 919	2 274 895
Cost	2 154 429	1 015 189	130 853	93 037	3 393 508
Accumulated amortisation and impairment	(552 085)	(435 303)	(70 107)	(61 118)	(1 118 613)
Additions	–	–	9 081	2 276	11 357
Foreign currency translation	62 095	5 243	(4 313)	(920)	62 105
Disposals	(23)	(13 000)	(610)	(437)	(14 070)
Amortisation	–	–	(9 188)	(13 659)	(22 847)
Impairment (Discontinued operation)	(1 199 844)	–	(18 661)	–	(1 218 505)
Impairment (Continuing operations)	(111 369)	(64 116)	–	–	(175 485)
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 28 February 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)**

* *The goodwill impairment loss of R25 million recognised in the current financial year relates to Venus (Wimpy UK), as a result of the changes in key assumptions and cash flows achieved compared to the forecast. The recoverable amount determined based on the value in use was R72 million. Intangible assets amortisation and impairment have been included in the selling and administrative expenses and impairment of intangible assets on the statement of profit or loss and other comprehensive income, respectively.*

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.

	2022 R000	2021 R000
Trademarks and brand names		
Domestic		
Wimpy, Debonairs Pizza, Fishaways, Milky Lane, Steers, Vovo Telo, KEG, Mugg & Bean, Europa, Fego Caffé, Bread Basket, Mythos, Wakaberry™, Cater Chain, Catch, Tru Fruit and Lamberts Bay Foods*	**249 804**	253 663
International		
Venus (Wimpy UK)	**97 680**	99 540
	347 484	353 203

* *Wakaberry trademark is fully impaired and Bread Basket was disposed.*

	2022 R000	2021 R000
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*	**409 499**	408 729
International		
Venus (Wimpy UK)	**72 029**	99 284
	481 528	508 013

* *Wakaberry goodwill is 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 2023 financial year budgets and projected future years, approved by management, refer to Note 13 *Profit/(loss) before tax* for details on impairment processed.

Significant inputs and assumptions are as follows:

	UK-based intangibles		Domestic-based intangibles	
	2022	2021	**2022**	2021
Royalty rates*	**–**	–	**4.6% – 5.7%**	4% – 7%
Discount rates applied to the projected future cash flows	**13%**	10% – 14%	**14% – 17%**	14% – 19%
Terminal growth rates	**2%**	1% – 3%	**2%**	2% – 4%
Forecast revenues and profits (goodwill)	**5 years**	5 years	**5 years**	5 years

* *Wimpy is assessed centrally for domestic and international operations hence UK-based royalty rates are not applicable.*

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 Note 13 *Profit/(loss) 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*

	2022 Carrying amount R000	2021 Carrying amount R000
Name of associate		
UAC Restaurants Ltd	**–**	15 665
Sauce Advertising (Pty) Ltd	**5 141**	4 960
Famous Brands Design Studio (Pty) Ltd*	**2 135**	–
FoodConnect (Pty) Ltd	**2 075**	1 089
Investments in associates	**9 351**	21 714
* *The Group shareholding changed to associate, refer to note 18.3 for change in ownership interest.*		
UAC Restaurants Ltd**	**10 592**	–
Famous Brands Design Studio (Pty) Ltd	**677**	–
Loans to associates	**11 269**	–
** *The loan to UACR matures in December 2026 and accrues interest at 12% per annum. Both shareholders have provided a letter of support in favour of UACR.*		
Group's share on aggregated information of associates that are not individually material:		
Profit for the year	**7 663**	5 608
Total comprehensive income	**7 663**	5 608
Carrying amount of investments in associates	**9 351**	6 050

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.

	2021 31 December N000	2020 31 December N000
Percentage of ownership interest held by Famous Brands (%)	**49**	49
Current assets	**932 574**	707 198
Non-current assets	**506 315**	377 066
Current liabilities	**(622 111)**	(715 456)
Non-current liabilities	**(973 324)**	(10 940)
Net (liabilities)/assets of the associate	**(156 546)**	357 868
Revenue	**2 208 183**	1 527 878
Loss from operations	**(508 893)**	(57 115)
Loss for the year	**(514 415)**	(61 277)
Total comprehensive loss for the year	**(514 415)**	(61 277)

	2022 28 February R000	2021 28 February R000
Reconciliation of the carrying amount of the interest in UAC Restaurants Ltd		
Balance at the beginning of the year	**15 665**	32 911
Share of losses	**(7 403)**	(532)
Additional investment	**–**	1 724
Impairment loss	**(8 262)**	(18 000)
Exchange difference on translation of foreign operations	**–**	(438)
Carrying amount of investment in UACR	**–**	15 665

An impairment loss of R8.3 million (2021: R18 million) was recognised against the investment in UACR. The recoverable amount of Rnil (2021: R16 million) was determined based on the value-in-use approach comprising a discounting of future cash flows.

Key assumptions used in the valuation includes the projected cashflow forecasts, future store growth and the discount rate. A discount rate of 20.9% (2021: 23.2%) 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 R17 million (2021: R3.2 million) and an increase of R20.9 million (2021: R3.8 million) in the recoverable amount.

4. Leases

The Group has commitments arising from property leases for its own business operations and leases entered into to secure key sites for franchised outlets, refer to note 20. 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 six years and escalated at an average rate of between 6% and 8% per annum. No contingent rent is payable.

Lease rentals for UK operations are negotiated on an average term of 20 years, with upward only rent reviews scheduled, on average, every five years based on market conditions existing at the time of the 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.

	2022 R000	**2021 R000**
4.1 Amounts recognised in the Statement of Financial Position		
Lease liabilities		
Balance at the beginning of the year	**345 076**	1 383 240
Disposals	**(35 759)**	(41 650)
Additions	**93 711**	91 874
Principal repayments of lease obligations	**(77 832)**	(73 490)
Accretion of interest	**28 313**	31 491
Payments	**(106 145)**	(104 981)
Re-measurements	**(2 081)**	–
Foreign currency translation	**(1 781)**	91 837
Accretion of interest for discontinued operation	**–**	38 320
Derecognition of discontinued operation	**–**	(1 068 677)
Accrued rental for discontinued operation (reclassified to trade and other payables)	**–**	(76 378)
Balance at the end of the year	**321 334**	345 076
Maturity analysis (discounted cash flows)		
Current liabilities	**89 225**	88 142
Non-current liabilities	**232 109**	256 934
Balance at the end of the year	**321 334**	345 076
Maturity analysis (gross cash flows)		
The gross future minimum rentals due are repayable as follows:		
Payable within the next 12 months	**98 929**	105 947
Payable two to five years	**218 811**	261 658
Payable thereafter	**44 256**	62 003
Total gross future minimum rentals	**361 996**	429 608
Less future finance charges	**(40 662)**	(84 532)
Present value of minimum lease payments	**321 334**	345 076

Finance costs are disclosed under note 14.1.

	2022 R000	2021 R000
4. Leases (continued)		
4.1 Amounts recognised in the Statement of Financial Position (continued)		
Right of use assets		
Carrying amount at the beginning of the year	**289 646**	1 229 521
Land and buildings	**242 827**	1 213 963
Plant and equipment	**38 922**	9 171
Motor vehicles	**7 897**	6 387
Additions	**66 209**	91 874
Foreign currency translation	**(1 667)**	112 246
Disposals	**(13 912)**	(8 614)
Depreciation	**(76 992)**	(139 936)
Land and buildings	**(69 732)**	(135 121)
Plant and equipment	**(5 501)**	(2 565)
Motor vehicles	**(1 759)**	(2 250)
Derecognition of discontinued operation	**–**	(995 444)
Disposal of subsidiaries	**(3 603)**	–
Remeasurements	**(248)**	–
Carrying amount at the end 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

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. Majority of the 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.

	2022 R000	2021 R000
Lease receivables – Head leases		
Carrying amount at the beginning of the year	**26 259**	64 408
Additions	**25 704**	2 047
Disposals	**(19 636)**	(26 337)
Remeasurements	**1 302**	(2 863)
Principal lease receipts	**(11 523)**	(10 996)
Lease receipts	**(13 873)**	(14 356)
Finance income	**2 350**	3 360
Carrying amount at the end of the year	**22 106**	26 259

		2022 R000	2021 R000
4.	***Leases (continued)***		
4.1	***Amounts recognised in the Statement of Financial Position (continued)***		
	Lease receivables – Head leases (continued)		
	Net future minimum rentals due under leases are as follows:		
	Gross future minimum rentals receivable:		
	Receivable within the next 12 months	**10 654**	14 196
	Receivable within one and two years	**12 665**	7 551
	Receivable within two and three years	**557**	4 926
	Receivable within three and four years	**12**	2 096
	Total undiscounted lease receivables	**23 888**	28 769
	Unearned finance income	**(1 782)**	(2 510)
	Net investment in lease receivables	**22 106**	26 259
	Maturity analysis (net investment)		
	Receivables within the next 12 months	**8 470**	–
	Receivables within two to five years	**13 636**	26 259
	Net investment in lease receivables	**22 106**	26 259

Finance income is disclosed under note 14.2

		2022 R000	2021 R000
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.		
	The expense relating to payments not included in the measurement of the lease liability is as follows:		
	Short-term lease charges	**27 783**	15 017
	Low-value asset lease charges	**6 808**	743
	Variable lease charges	**113**	91
4.3	***Amounts recognised in the statement of cashflows***		
	Principal payments on lease obligations	**(77 832)**	(73 490)
	Principal receipts from lease receivables	**11 523**	14 356

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)

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.

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

	2022 R000	2021 R000
Reconciliation		
Balance at the beginning of the year (net)	**25 714**	296 444
Foreign currency effect	**730**	(21 328)
Disposal of subsidiaries	**190**	(23 734)
Movement through profit or loss	**(24 599)**	(204 696)
Current year temporary differences	**(21 409)**	(198 729)
Change in rate	**(608)**	–
Prior year over provision	**(2 582)**	(5 967)
Movement through other comprehensive income		
Current year temporary differences	**456**	(20 972)
Balance at the end of the year (net)	**2 491**	25 714
Analysis		
Excess capital allowances over depreciation and amortisation	**145 985**	175 919
Property, plant and equipment	**40 348**	52 956
Right of use assets	**46 331**	61 158
Intangible assets	**59 306**	61 805
Lease receivables	**5 216**	7 142
Effect of tax losses	**(1 048)**	(4 437)
Prepayments	**3 869**	6 998
Provisions	**(20 226)**	(19 948)
Lease liabilities	**(59 508)**	(74 239)
Marketing funds	**(3 614)**	(5 395)
Share-based payment scheme	**(51 817)**	(43 441)
Deferred income	**(19 044)**	(18 270)
Other temporary differences	**2 678**	1 385
	2 491	25 714
The balance comprises:		
aggregate of deferred tax assets	**(78 519)**	(60 066)
aggregate of deferred tax liabilities	**81 010**	85 780
	2 491	25 714

Tax losses of R5 million (2021: R14 million) have not been recognised.

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

	2022 R000	2021 R000
Finished goods	**257 812**	243 466
Raw materials	**122 681**	82 730
Stock in transit	**8 191**	5 765
Consumables	**19 507**	22 282
	408 191	354 243

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 R26.9 million was written down (2021: R1.7 million) to its net realisable value of Rnil. The write off mainly relates to finished goods. The write off for the current year increased due to R13.2 million losses related to the July 2021 civil unrest in South Africa, refer to note 29 for details of the impact on the Group.

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 expense.

The net cost of inventory sold reflected in cost of sales was R3.6 billion (2021: R2.7 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

	2022 R000	2021 R000
Net trade receivables	**395 332**	414 310
Trade receivables	**418 209**	437 195
Impairment allowance	**(22 877)**	(22 885)
Other receivables	**27 267**	51 823
Prepayments	**14 140**	19 766
VAT receivable	**10 486**	2 606
	447 225	488 505

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 R9 million (2021: R18 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 26.4 for details on the impairment.

The Group does not hold any collateral as security.

		2022 R000	2021 R000
8.	***Cash***		
8.1	***Cash and cash equivalents***		
	Cash and cash equivalents	**333 435**	351 871
8.2	***Restricted cash***		
	Restricted cash*	**122 793**	92 486
	Cash on hand and bank balances	**456 228**	444 357

* *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.*

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 approximates book value of cash and cash equivalents.

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.

		2022 R000	2021 R000
9.	***Equity reserves***		
9.1	***Share capital***		
	Authorised		
	200 000 000 (2021: 200 000 000) ordinary par value shares of one cent each	**2 000**	2 000
	Issued		
	Total shares in issue 100 202 284 (2021: 100 202 284) ordinary par value shares of one cent each	**1 002**	1 002
	Unissued		
	99 797 716 (2021: 99 797 716) ordinary par value shares of one cent each	**998**	998
9.2	***Share premium***		
	Balance at the beginning of the year	**163 441**	162 840
	Premium on shares issued	**–**	601
	Balance at the end of the year	**163 441**	163 441

	2022 Number of shares	2021 Number of shares
9. Equity reserves (continued)		
9.2 Share premium (continued)		
Reconciliation of movements in the number of ordinary shares		
Authorised	**200 000 000**	200 000 000
Issued		
Shares in issue at the beginning of the year	**100 202 284**	100 186 058
Share based payment settlement	**–**	16 226
Shares in issue at the end of 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 26.2.

The table below shows a reconciliation of the reserve:

	2022 R000	2021 R000
Balance at beginning of the year	**(6 037)**	12 327
Derecognition of interest swaps to profit or loss included in finance costs	**–**	(28 877)
Recognition of interest swaps in other comprehensive income	**(1 576)**	23 050
Reclassification from other comprehensive income to profit or loss (included in finance costs)	**(53)**	(17 413)
Deferred tax	**456**	4 876
Balance at end of the year	**(7 210)**	(6 037)

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 non-controlling interests as well as put option reserves arising from initial designation of equity investment reserves, see details in Note 29 *Share-based payments reserve.*

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.

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.

10. Borrowings

	2022 R000	2021 R000
Unsecured		
Long-term borrowings	**881 670**	1 462 600
Short-term borrowings	**256 482**	8 104
Short-term portion of borrowings	**255 626**	6 412
Non-controlling shareholder loans	**856**	1 692
	1 138 152	1 470 704

	Currency	Maturity date	Interest rate: Nature	Interest rate: Margin %	Interest rate: Rate	2022 %	2021 %	2022 R000	2021 R000
Interest is paid quarterly in arrears.									
The Group has unlimited borrowing powers in terms of its Memorandum of Incorporation.									
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 shareholders loans									
Dial and Dine (Pty) Ltd*	ZAR							**606**	
Marathon Holdings (Pty) Ltd*	ZAR							**250**	

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

10. *Borrowings (continued)*

	Currency	Maturity date	Interest rate Nature	Interest rate Margin %	Interest rate Rate	2022 %	2021 %	2022 R000	2021 R000
Terms of repayment F2021									
Loan facility: Amortising loan	ZAR	Aug-23	variable	2.95	3-month JIBAR		6.44		750 000
Loan Facility: Revolving Credit Facility (RCF)	ZAR	Feb-24	variable	3.20	3-month JIBAR		6.69		700 000
General Banking Facility (GBF)	ZAR	364 days	variable	–	Prime		7.00		–
Loan Facility: Term Loan	ZAR	Jun-21	variable	0.10	Prime		7.10		6 266
Loan Facility: Term Loan	GBP	Sep-25	fixed	–	Fixed		2.02		12 600
Non-controlling shareholder loans									
Dial and Dine (Pty) Ltd*	ZAR							**–**	518
Marathon Holdings (Pty) Ltd*	ZAR							**–**	1 174
								1 138 006	1 470 558
Interest accrued								**146**	146
								1 138 152	1 470 704

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

10. Borrowings (continued)

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased/(decreased) in profit or loss by R11 million (2021: R15 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 26 *Financial instruments and risk management* for further details.

Facilities

- Total ZAR overdraft facility in place: R200 million (2021: R200 million). Unutilised portion at year-end: R200 million (2021: R200 million).
- The Group has a 5-year revolving loan facility of R1 100 million (2021: R1 100 million). Unutilised portion is R750 million (2021: R400 million) at year end.

Guarantees

Famous Brands Limited, Famous Brands Management Company (Pty) Ltd, Mugg and Bean Franchising (Pty) Ltd, Lamberts Bay Foods (Pty) Ltd, Famous Brands Logistics Company (Pty) Ltd, Creative Coffee Franchising (Pty) Ltd, FB Signature Brands (Pty) Ltd and Vovo Telo Bakery and Cafe (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

	2022 R000	2021 R000
Trade payables	**296 093**	280 409
Accruals	**164 767**	189 177
Employee benefits	**88 153**	83 411
Deferred income	**15 085**	12 648
VAT payable	**35 660**	22 613
Put option written over the equity of non-controlling interest	**75 478**	85 510
	675 236	673 768

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 R12.6 million (2021: R28 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

	2022 R000	2021 R000
12. Revenue		
Sales-based royalties		
Franchise fees revenue	**918 225**	644 176
Leading brands	**881 774**	622 199
Signature brands	**36 451**	21 977
Marketing fees revenue*	**583 277**	325 003
Leading brands	**518 020**	318 311
Signature brands	**65 257**	6 692
Revenue at point in time		
Manufacturing revenue	**221 876**	203 814
Owned	**117 938**	141 391
Subsidiary	**103 938**	62 423
Logistics revenue	**4 051 537**	2 994 081
Retail revenue	**222 123**	151 209
Company-owned stores revenue	**446 947**	328 386
Leading brands (SA and AME)	**338 147**	274 391
Signature brands (SA)	**108 800**	53 995
Joining fees	**7 723**	5 675
Revenue over time		
Service revenue	**24 646**	31 484
Revenue from contracts with customers	**6 476 354**	4 683 828

* *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.*

Significant judgements and estimation uncertainty

Famous Brands' vertically integrated business model comprises a portfolio of 19 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 onsells 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.

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 does 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.

	Notes	2022 R000	2021 R000
13. Profit/(loss) before tax			
Profit/(loss) before tax is arrived at after taking into account, among other items, those detailed below:			
Depreciation of property, plant and equipment	1	**175 011**	163 766
Amortisation of intangible assets	2	**21 079**	22 660
Impairment of trade and other receivables		**10 317**	14 972
Directors' remuneration		**17 470**	17 613
Executive directors	23	**11 914**	13 282
Non-executive directors	23	**5 556**	4 331
Auditors' remuneration		**11 371**	13 037
Share-based payments – equity-settled		**41 098**	41 590
Foreign exchange differences		**(23)**	1 387
Net finance costs		**107 501**	175 667
Finance costs	14.1	**124 836**	192 269
Finance income	14.2	**(17 335)**	(16 602)
Remeasurement of non-controlling interest put options		**(10 031)**	(3 957)
Other income		**(20 147)**	(29 271)
Loss on disposal of property, plant, equipment		**3 371**	3 144
Loss on disposal of intangible assets		**2 036**	12 950
Loss/(profit) on sale of businesses		**1 771**	(27 675)
Sundry income*		**(21 724)**	(14 026)
Other**		**(5 601)**	(3 664)
Impairment of intangible assets		**25 090**	175 485
Impairment – Trademarks		**–**	111 369
Impairment – Goodwill		**25 090**	64 116
Share of profit of associates		**(260)**	(4 862)
Impairment of investment in associate		**8 262**	18 000

* *Current year sundry income mainly relates to proceeds from insurance claim.*
** *Current year other income mainly relates to discounts received and recoveries.*

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/(loss) 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 COVID-19 creates additional risk. The Group adjusted cash flow projections to include the effects of the COVID-19 pandemic. 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.

		2022 R000	2021 R000
14.	**Net finance costs**		
14.1	**Finance costs**		
	Interest on borrowings	**(95 488)**	(143 110)
	Interest on lease liabilities	**(28 313)**	(31 491)
	Ineffective portion of cash flow hedge	**(53)**	(17 413)
	Other finance costs	**(982)**	(255)
		(124 836)	(192 269)
14.2	**Finance income**		
	Interest from lease receivables	**2 350**	3 360
	Interest from bank deposits	**14 984**	13 097
	Other finance income	**1**	145
		17 335	16 602
	Net finance costs	**(107 501)**	(175 667)

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.

		2022 R000	2021 R000
15.	**Tax**		
	Normal tax		
	Current tax	**183 154**	90 039
	Current year	**181 014**	88 576
	Prior year underprovision	**2 140**	1 463
	Deferred tax	**(24 599)**	(54 736)
	Current temporary differences	**(21 409)**	(48 769)
	Tax rate change	**(608)**	–
	Prior year overprovision	**(2 582)**	(5 967)
		158 555	35 303

15. Tax (continued)

	2022 %	2021 %
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	**–**	2.0
Prior year under provision deferred tax	**(0.5)**	8.6
Other non-taxable income	**(0.5)**	2.1
Foreign exchange gains	**–**	37.8
Sale of businesses	**(0.3)**	11.3
Learnership allowances	**(0.4)**	2.8
Change in tax rate	**(0.1)**	–
Rate change differential	**0.2**	–
Other disallowable expenditure	**0.3**	(1.3)
Depreciation on leasehold improvements	**0.4**	(2.4)
Loss on sale of assets	**–**	(7.0)
Interest on termination of cash flow hedge	**–**	(21.8)
Impairments	**1.8**	(82.2)
Prior year underprovision	**0.4**	(2.1)
Tax losses not recognised	**1.1**	(19.7)
Foreign tax differential	**0.4**	(6.8)
Effective rate of tax	**30.8**	(50.7)

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. *Discontinued operation*

Famous Brands Limited acquired GBK in October 2016. GBK was placed under administration on the 14th October 2020 in accordance with the insolvency legislation in the UK. The financial results have been disclosed as a discontinued operation as a result of the disposal.

The table below sets out GBK's results which have been included in the Group's 2021 results:

	2022 R000	2021 R000
Revenue	–	337 669
Cost of sales	–	(65 281)
Gross profit	–	272 388
Selling and administrative expenses^	–	(374 088)
Operating loss before impairment and realised foreign exchange	–	(101 700)
Impairment and realised foreign exchange^^	–	(1 121 698)
Operating loss	–	(1 223 398)
Net finance costs	–	(38 320)
Loss before tax	–	(1 261 718)
Tax	–	150 278
Loss from discontinued operation	–	(1 111 440)
GBK was wholly owned by Famous Brands limited. Therefore, the entire loss is attributable to the Group.		
^Selling and administrative expenses include:		
Depreciation of property, plant and equipment	–	112 217
Amortisation of intangible assets	–	187
Audit fee	–	1 534
^^Impairment and realised foreign exchange	–	(1 121 698)
Impairment	–	(1 489 247)
Realised foreign exchange on disposal	–	367 549
Loss for the year	–	(1 111 440)
Other comprehensive income, net of tax:		
Exchange differences on translating foreign operation	–	88 078
Pre-tax foreign exchange differences on translating foreign operation	–	127 850
Tax effect on exchange differences on translating foreign operation	–	(39 772)
Post-tax foreign exchange differences realised on discontinued foreign operation	–	(299 664)
Pre-tax foreign exchange differences realised on discontinued foreign operation	–	(367 549)
Tax impact on realised foreign exchange differences on discontinued foreign operation	–	67 885
Total comprehensive loss for the year	–	(1 323 026)
Basic loss per share (cents) from discontinued operations		
Basic	–	(1 110)
Diluted	–	(1 107)
Net cash inflow from operating activities	–	17 329
Net cash outflow from investing activities	–	(63 732)
Net cash outflow from financing activities	–	–
Net decrease in cash and cash equivalents	–	(46 403)

17. Basic and headline earnings/(loss) per share

	2022 Cents per share	2021 Cents per share
Total operations		
Basic earnings/(loss) per share	**317**	(1 237)
Headline earnings/(loss) per share	**356**	(86)
Diluted earnings/(loss) per share	**317**	(1 234)
Diluted headline earnings/(loss) per share	**356**	(86)
Continuing operations		
Basic earnings/(loss) per share	**317**	(127)
Headline earnings per share	**356**	53
Diluted earnings/(loss) per share	**317**	(127)
Diluted headline earnings per share	**356**	53
Discontinued operations		
Basic loss per share	**–**	(1 109)
Diluted loss per share	**–**	(1 107)

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

	2022 Number of shares	2021 Number of shares
Weighted average number of shares in issue	**100 202 284**	100 196 875
Possible issue of ordinary shares in the future relating to the share incentive scheme	**125 885**	179 225
Diluted weighted average number of shares in issue	**100 328 169**	100 376 100

17.2 Basic and headline earnings/(loss)

	2022 R000	2021 R000
Total operations		
Basic earnings/(loss)	**317 657**	(1 239 079)
Adjusted for:	**39 016**	1 152 444
Loss on disposal of property, plant and equipment	**3 371**	3 144
Tax on loss on disposal of property, plant and equipment	**(944)**	(880)
Loss on disposal of intangible assets	**2 036**	12 950
Tax on loss on disposal of intangible assets	**(570)**	–
Loss/(profit) on sale of businesses	**1 771**	(27 675)
Realised foreign exchange differences on disposal of discontinued operation	**–**	(367 549)
Tax on realised foreign exchange differences on disposal of discontinued operation	**–**	67 885
Impairments	**33 352**	1 682 732
Tax on impairments	**–**	(218 163)
Headline earnings/(loss)	**356 673**	(86 635)

17. *Basic and headline earnings/(loss) per share (continued)*

17.2 *Basic and headline earnings/(loss) (continued)*

	2022 R000	2021 R000
Continuing operations		
Basic earnings/(loss)	**317 657**	(127 639)
Adjusted for:	**39 016**	181 024
Loss on disposal of property, plant and equipment	**3 371**	3 144
Tax on loss on disposal of property, plant and equipment	**(944)**	(880)
Loss on disposal of intangible assets	**2 036**	12 950
Tax on loss on disposal of intangible assets	**(570)**	–
Loss/(profit) on sale of businesses	**1 771**	(27 675)
Impairments	**33 352**	193 485
Headline earnings	**356 673**	53 385
Discontinued operation		
Basic loss	**–**	(1 111 440)

18. *Cash flow information*

18.1 *Reconciliation of profit/(loss) before tax to cash generated by operations*

	2022 R000	2021 R000
Profit/(loss) before tax	**514 054**	(1 331 290)
Adjusted for:		
Depreciation of property, plant and equipment	**175 011**	275 983
Amortisation of intangible assets	**21 079**	22 847
Impairment of goodwill and investment in associate	**33 352**	1 682 732
Realised foreign exchange difference on disposal of GBK	**–**	(367 549)
Net finance costs expense	**107 501**	213 987
Loss on disposal of property, plant and equipment	**3 371**	3 144
Loss on disposal of intangible assets	**2 036**	12 950
Loss/(profit) on sale of businesses	**1 771**	(27 675)
Share of profits from associates	**(260)**	(4 862)
Share-based payments expense	**41 098**	41 590
Movement in trade receivables impairment allowance	**10 317**	9 233
Non-controlling interests put option remeasurement	**(10 031)**	(3 957)
Inventory write down	**13 676**	475
Other non-cash items^	**5 175**	(48 204)
Cash generated before changes in working capital	**918 150**	479 404
Working capital changes	**(47 068)**	41 748
(Increase)/decrease in inventories	**(71 470)**	45 275
Decrease in receivables	**25 062**	91 026
Increase in restricted cash	**(30 305)**	(52 693)
Increase/(decrease) in payables	**29 645**	(41 860)
Cash generated from operations	**871 082**	521 152

^ *Primarily related to foreign currency translation reserve.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

		2022 R000	2021 R000
18.	***Cash flow information (continued)***		
18.2	***Reconciliation of tax paid during the year***		
	Net amount (payable)/receivable at the beginning of the year	**(16 830)**	1 279
	Amounts charged to profit or loss	**(183 154)**	(90 039)
	Disposal of subsidiary	**(43)**	–
	Foreign currency effect	**1 120**	2 390
	Net amount payable at the end of the year	**15 353**	16 830
	Tax paid	**(183 554)**	(69 540)
18.3	***Summary of cash flows on disposals and changes in ownership interests***		
	Cash inflow on disposal of interests in subsidiaries		
	Mountain Rush Trading 4 (Pty) Ltd	**–**	43 890
	Famous Brands Great Bakery (Pty) Ltd	**1 283**	–
	Cash inflow on disposal of subsidiaries	**1 283**	43 890
	Cash outflow on disposal of interests in subsidiaries		
	Gourmet Burger Kitchen ("GBK")	**–**	(63 732)
	Famous Brands Design Studio (Pty) Ltd	**(1 266)**	–
	Cash outflow on disposal of subsidiaries	**(1 266)**	(63 732)
	Cash outflow on acquisition of interests in subsidiaries		
	BC Hospitality (Pty) Ltd	**(7 918)**	–
	Pink Potato (Pty) Ltd	**(10 662)**	–
	Cash outflow on acquisition of additional interest in subsidiaries	**(18 580)**	–
	F2022		
	Famous Brands Design Studio (Pty) Ltd		
	Effective 1 March 2021, the Group partly disposed of its interest in Famous Brands Design Studio (Pty) Ltd, resulting in a change from a subsidiary to an associate, for a consideration of Rnil.		
	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)**	–

	2022 R000	2021 R000

18. Cash flow information (continued)

18.3 Summary of cash flows on disposals and changes in ownership interests (continued)

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.

	2022 R000	2021 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 inflow 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.

	2022 R000	2021 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.

	2022 R000	2021 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)	

F2021

Mountain Rush Trading 4 (Pty) Ltd

Effective 1 August 2020, the Group disposed of its interest in Mountain Rush Trading 4 (Pty) Ltd.

	2022 R000	2021 R000
Cash inflow on disposal of subsidiary	–	43 890

Gourmet Burger Kitchen (GBK)

Effective 14 October 2020, GBK was placed into administration in accordance with the insolvency legislation in the UK. The financial results have been disclosed as a discontinued operation as a result of the disposal, detail is provided in note 16.

	2022 R000	2021 R000
Cash outflow on disposal of subsidiary	–	(63 732)

	2022 R000	2021 R000
18. Cash flow information (continued)		
18.4 Liabilities from financing activities reconciliation		
Borrowings		
Carrying value at beginning of the year	**1 469 012**	1 677 437
Borrowings raised	**24 883**	3 228 867
Borrowings repaid	**(357 561)**	(3 417 170)
Other changes*	**962**	(20 122)
Balance at end of the year	**1 137 296**	1 469 012
** Other changes include movement in non-cash movements and interest payments included in finance costs.*		
Non-controlling shareholder loans		
Carrying value at beginning of the year	**1 692**	601
Loan (repaid)/received	**(836)**	1 091
Balance at end of the year	**856**	1 692

19. Contingent liabilities

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

The Group has issued R20 million (2021: R20 million) suretyship in favour of First Rand Bank Limited to secure the banking facilities entered into by certain subsidiary companies.

	2022 R000	2021 R000
20. Commitments		
20.1 Operating leases		
The net future minimum rentals due under operating leases are as follows:		
The gross minimum rentals due under short-term leases	**1 666**	–
	1 666	–
The gross future minimum rentals due are repayable as follows:		
Payable within the next 12 months	**898**	–
Payable within 2 – 5 years	**768**	–
	1 666	–

Refer to note 4 for more information relating to commitments related to leases accounted for in terms of IFRS 16.

	2022 R000	2021 R000
20. Commitments (continued)		
20.2 Capital expenditure		
Approved by the directors but not contracted for*	**238 896**	167 599

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.

* *Prior year figure revised to exclude right-of-use assets.*

21. Retirement benefit plans

Employees within the Group are members of 22 (2021: 13) provident funds and 1 pension fund (2021: 1). 15 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 2022, the membership of the funds was 1 826 (2021: 1 840) employees. The Group's contribution to the provident funds for the year was R44 million (2021: R15 million). The Group applied for a contribution holiday in the prior financial year from May 2020 to February 2021, and in the current financial year from July 2021 to September 2021, hence the significant increase in contributions in the current year when compared to the prior year. The market value of the investments of the various funds as at 28 February 2022 was R303 million (2021: R278 million).

	2022			2021		
	Beneficial direct interest '000	Beneficial indirect interest '000	Total '000	Beneficial direct interest '000	Beneficial indirect interest '000	Total '000
22. Directors' interests in shares						
Executive						
Mr DP Hele	**89**	**–**	**89**	89	–	89
Ms K Ntlha*	**–**	**–**	**–**	8	–	8
Non-executive						
Mr N Halamandaris	**606**	**6 829**	**7 435**	616	6 829	7 445
Mr JL Halamandres	**1 908**	**6**	**1 914**	1 870	5	1 875
	2 603	**6 835**	**9 438**	2 583	6 834	9 417

* *Ms K Ntlha resigned in November 2021.*

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.

23. Directors' remuneration

	For services as directors R000	Remuneration R000	Bonuses R000	Provident fund contributions R000	Other benefits and payments R000	Total R000
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**
29 February 2021						
Executive	–	6 972	3 808	495	2 007	13 282
Mr DP Hele	–	4 371	2 938	419	1 563	9 291
Ms K Ntlha	–	2 601	870	76	444	3 991
Non-executive	4 331	–	–	–	–	4 331
Mr NJ Adami	567	–	–	–	–	567
Mr CH Boulle	585	–	–	–	–	585
Ms SL Botha	911	–	–	–	–	911
Mr DJ Fredericks	445	–	–	–	–	445
Mr AK Maditse	507	–	–	–	–	507
Mr N Halamandaris	502	–	–	–	–	502
Mr JL Halamandres	238	–	–	–	–	238
Ms TE Mashilwane	576	–	–	–	–	576
	4 331	6 972	3 808	495	2 007	17 613
Less: Paid by subsidiaries	–	(6 972)	(3 808)	(495)	(2 007)	(13 282)
	4 331	–	–	–	–	4 331

* *Ms K Ntlha resigned in November 2021 and Mr DJ Fredericks was appointed thereafter.*
** *Ms F Petersen-Cook was appointed in June 2021 and Ms B Mathe was appointed in October 2021.*
*** *Ms TE Mashilwane resigned in 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 review period.

23. *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
		2022			2021	
	R000	R000	R000	R000	R000	R000
Mr DP Hele	**3 816**	**1 052**	**4 868**	2 269	1 589	3 858
Ms K Ntlha	**–**	**–**	**–**	996	576	1 572
	3 816	**1 052**	**4 868**	3 265	2 165	5 430

24. *Related party transactions*

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

24.1 *Franchise agreements*

A non-executive director of Famous Brands Limited, has interests in 1 (2021: 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.

24.2 *Lease agreements*

The Group has entered into a lease agreement with an entity, Steers Properties, of which one of the non-executive directors serves as a director. The transaction was concluded at market-related rates prevailing at the time of entering into the transaction.

24.3 *Supply agreements*

The Group has entered into a supply agreement with an entity, New Style Pork, of which one of the non-executive directors serves as a director. All products purchased were concluded at market-related prices.

24.4 *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.

24.5 *Design fees paid to associate*

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

Details of transactions and balances with related party entities	2022 R000	2021 R000
Transactions for the year		
Franchise fee revenue	**777**	572
Sale of products	**24 034**	–
Lease payments	**19 290**	17 944
Purchase of product	**13 508**	14 593
Advertising fees paid to associate	**86 193**	76 590
Design fees paid to associate	**15 475**	–
Dividends declared by associate companies	**5 888**	4 070
Balances with related parties		
Loans receivable from related parties*	**11 269**	–
Trade payables to related parties	**14 388**	4 722
Trade receivables from related parties	**1 087**	7

* *The loans have no fixed repayment period and are interest free.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

	2022 R000	2021 R000
24. Related party transactions (continued)		
24.6 Commitments to related parties		
The aggregate future commitments to related parties are as follows:	**56 582**	75 873
Payable within the next twelve months	**20 736**	19 290
Payable within two to five years	**35 846**	56 583

24.7 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 23 *Directors remuneration*. Executive directors are defined as key management.

	Share capital		Interest		Cost of investment in shares		Amounts owing by/(to) subsidiaries	
	2022 R	2021 R	2022 %	2021 %	2022 R000	2021 R000	2022 R000	2021 R000
25. Schedule of investments in subsidiaries and associates								
25.1 Direct subsidiaries								
Debonairs Pizza (Pty) Ltd[3]	**100**	100	**100**	100	**110**	110	**–**	–
Famous Brands Management Company (Pty) Ltd[1]	**100**	100	**100**	100	**260 182**	219 084	**(273 826)**	(266 734)
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	**–**	–	**–**	6 118

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*

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

25.2 Indirect subsidiaries

	Share capital		Interest		Cost of investment in shares		Amounts owing by/(to) subsidiaries	
	2022 R	2021 R	2022 %	2021 %	2022 R000	2021 R000	2022 R000	2021 R000
4 E Holdings (Pty) Ltd[3]	**120**	120	**100**	100	**–**	–	**–**	–
BC Hospitality (Lupa)[1]	**100**	100	**100**	51	**–**	–	**–**	–
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 Design Studio (Pty) Ltd[5]	**–**	182 768	**–**	60	**–**	–	**–**	–
Famous Brands Franchising Kenya Limited[1]	**19 385 867**	3 750 000	**100**	100	**–**	–	**–**	–
Famous Brands Group (Zambia) Limited[1]	**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	**51**	51	**–**	–	**–**	–
Creative Coffee Franchise Systems (Pty) Ltd[1]	**750 100**	100	**100**	100	**–**	–	**–**	–
Famous Brands Coffee Company (Pty)Ltd[1]	**100**	100	**62**	62	**–**	–	**–**	–
Famous Brands Great Bakery Company (Pty) Ltd[5]	**–**	100	**–**	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	**–**	–	**–**	–
Lunar Thought Trading (Pty) Ltd[1]	**–**	–	**100**	100	**–**	–	**–**	–
Marble Olympia Trading (Pty) Ltd[1]	**–**	–	**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*

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

25.2 Indirect subsidiaries (continued)

	Share capital 2022 R	Share capital 2021 R	Interest 2022 %	Interest 2021 %	Cost of investment in shares 2022 R000	Cost of investment in shares 2021 R000	Amounts owing by/(to) subsidiaries 2022 R000	Amounts owing by/(to) subsidiaries 2021 R000
Mountain Rush Trading 4 (Pty) Ltd[5]	**–**	–	**–**	–	**–**	–	**–**	–
Opal Octopus Trading (Pty) Ltd[1]	**–**	–	**100**	100	**–**	–	**–**	–
Pink Potato Trading 103 (Pty) Ltd[1]	**87**	100	**75**	78	**–**	–	**–**	–
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**	–	**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	**–**	–	**–**	–
					476 303	435 205	**(290 524)**	(277 314)

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*

25.3 Associates

	Principal activity	Place of incorporation and operation	Year end	Effective date of acquisition	2022 Interest %	2021 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
Famous Brands Design Studio (Pty) Ltd	Store design	South Africa	28 February	1 March 2021	**48.5**	–
FoodConnect (Pty) Ltd	Distribution	South Africa	28 February	1 June 2018	**49**	49

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

25.4 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 38 Rietspruit St, Sunderland Ridge, Centurion, Gauteng. The information below summarises the financial position and performance of the subsidiary:

	2022 R000	2021 R000
Current assets	**45 473**	53 310
Non-current assets	**24 082**	6 762
Current liabilities	**(7 228)**	(4 781)
Non-current liabilities	**(15 160)**	(2 031)
Net assets of the subsidiary	**47 167**	53 260
Revenue	**110 402**	78 096
Profit before tax	**15 148**	5 545
Profit for the year	**10 905**	4 276
Total comprehensive income for the year	**10 905**	4 276
Profit for the year allocated to non-controlling interest	**4 144**	1 625
Accumulated non-controlling interests	**18 135**	20 451
Dividends paid to non-controlling interests	**6 460**	–

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:

	2022 R000	2021 R000
Current assets	**147 665**	142 969
Non-current assets	**74 439**	75 778
Current liabilities	**(55 920)**	(62 782)
Non-current liabilities	**(16 140)**	(30 804)
Net assets of the subsidiary	**150 044**	125 161
Revenue	**639 513**	513 928
Profit before tax	**75 419**	62 398
Profit for the year	**55 062**	44 650
Total comprehensive income for the year	**55 062**	44 650
Profit for the year allocated to non-controlling interest	**26 981**	21 878
Accumulated non-controlling interests	**73 610**	61 329
Dividends paid to non-controlling interests	**14 700**	9 800

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

25.4 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, a company involved in general meat trading. The company'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:

	2022 R000	2021 R000
Current assets	**94 403**	114 938
Non-current assets	**47 060**	37 888
Current liabilities	**(26 676)**	(26 824)
Non-current liabilities	**(14 698)**	(22 577)
Net assets of the subsidiary	**100 089**	103 425
Revenue	**481 583**	357 527
Profit before tax	**31 155**	8 828
Profit for the year	**22 383**	5 846
Total comprehensive income for the year	**22 383**	5 846
Profit for the year allocated to non-controlling interest	**5 596**	1 462
Accumulated non-controlling interests	**25 201**	25 855
Dividends paid to non-controlling interests	**6 250**	–

26. 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.

26. Financial instruments and risk management (continued)

26.1 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.

	2022 Carrying amount R000	2021 Carrying amount R000
Financial assets		
Measured at amortised cost:		
Trade and other receivables	**422 599**	466 133
Lease receivables	**22 106**	26 259
Restricted cash	**122 793**	92 486
Cash and cash equivalents*	**333 435**	351 871
	900 933	936 749

* *Cash and cash equivalents for prior year has been revised to exclude restricted cash.*

	2022 Carrying amount R000	2021 Carrying amount R000
Financial liabilities		
Measured at amortised cost:		
Trade and other payables	**536 338**	555 096
Shareholders for dividends	**2 418**	2 418
Lease liabilities	**321 335**	345 076
Borrowings*	**1 138 152**	1 470 705
	1 998 243	2 373 295

* *Borrowings of the prior year have been revised to include non-controlling interest shareholder loans.*

26. Financial instruments and risk management (continued)

26.1 Accounting classifications and fair values (continued)

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

	Level	2022 Carrying amount R000	2021 Carrying amount R000
Derivative financial instruments			
Assets			
Fair value through other comprehensive income			
Interest-rate swaps	2	**9 563**	8 011
		9 563	8 011
Liabilities			
Fair value through profit or loss:			
Foreign exchange contracts	2	**476**	2 363
		476	2 363

26.2 Market risk

Interest rate risk

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

	Notes	2022 Carrying amount R000	2021 Carrying amount R000
Variable rate instruments			
Derivative financial instruments			
Interest-rate swap assets		**9 563**	8 011
Borrowings	10	**(1 125 363)**	(1 454 720)
Fixed rate instruments			
Borrowings	10	**(11 933)**	(14 292)
Lease liabilities	4	**(321 335)**	(345 076)
		(1 449 068)	(1 806 077)

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 R14.5 million (2021: R18 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.

26. *Financial instruments and risk management (continued)*

26.2 *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:

		2022		**2021**	
	Maturity date	**Notional amount R000**	**Fixed interest rate %**	**Notional amount R000**	**Fixed interest rate %**
Term loans (swap from variable to fixed)					
Amortising loan	Aug-23	**450 000**	**3.75**	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:

	2022 R000	**2021 R000**
Fair value changes in determining hedge ineffectiveness (included in finance costs)	**(53)**	(17 413)
Derivative financial instruments (interest rate swaps)	**9 563**	8 011

26. Financial instruments and risk management (continued)

26.2 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:

	2022 GB Pound*	2022 Zambian Kwacha*	2022 Botswana Pula*
Financial assets			
Trade and other receivables	**438**	**2 780**	**7 472**
Cash and cash equivalents	**4 094**	**9 218**	**18 547**
Financial liabilities			
Borrowings	**–**	**–**	**(21)**
Trade and other payables	**(487)**	**(7 163)**	**(12 836)**
Lease liabilities	**(393)**	**–**	**(31 183)**
	3 652	**4 835**	**(18 021)**
* *Currency unit in thousands*			
Exchange rates used for conversion of foreign amounts to the South African Rand were (R):	**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 (R000):	**7 526**	**556**	**(2 363)**

	2021 GB Pound*	2021 Zambian Kwacha*	2021 Botswana Pula*
Financial assets			
Trade and other receivables	441	2 287	3 687
Cash and cash equivalents	3 125	8 805	23 008
Financial liabilities			
Borrowings	(600)	–	–
Trade and other payables	(426)	(3 451)	(20 349)
Lease liabilities	(477)	–	(24 087)
	2 063	7 641	(17 741)
* *Currency unit in thousands*			
Exchange rates used for conversion of foreign amounts to the South African Rand were (R):	21.00	1.44	1.36
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 (R000):	4 336	1 101	(2 421)

26. Financial instruments and risk management (continued)

26.3 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 27 *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 recovery and growth plan from COVID-19. 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).

	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**
Derivative financial instruments (interest rate swaps)	**(9 563)**	**(9 563)**	**–**		**(9 563)**
	1 989 155	**952 010**	**1 108 278**	**44 256**	**2 104 544**

	2021				
	Carrying amount R000	**Less than 1 year R000**	**2 – 5 years R000**	**Thereafter R000**	**Total R000**
Borrowings	1 470 704	108 909	1 624 821		1 733 730
Trade and other payables	555 096	555 096	–		555 096
Shareholders for dividends	2 418	2 418	–		2 418
Lease liabilities	345 076	105 947	261 658	62 003	429 608
Derivative financial instruments (foreign currency options)	2 363	2 363	–		2 363
Derivative financial instruments (interest rate swaps)	(8 011)	–	(8 011)		(8 011)
	2 367 646	774 733	1 878 468	62 003	2 715 204

The carrying amount of the 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 R122.8 million (2021: R92.5 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.

26. Financial instruments and risk management (continued)

26.4 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, the credit default swap prices for the debtor, 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 and Standard Bank. The banks are rated "B 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 are credit risk is assessed on product and leasing activities. Management regularly reviews the receivables age analysis and follows up on outstanding receivables.

26. Financial instruments and risk management (continued)

26.4 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. 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.

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, including the impact of COVID-19, where relevant. The impairment allowance of R 22.9 million (2021: R 22.9 million) approximates 6% (2021: 5%) 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:

	2022			
	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	**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**

	2021			
	Gross R000	Impairment R000	Net R000	Average ECL/ Impairment ratio (%)
Performing	341 160	–	341 160	–
Past due	96 036	(22 885)	73 150	24
31 – 60 days	13 283	–	13 283	–
61 – 90 days	–	–	–	–
91 days and beyond	82 753	(22 885)	59 868	28
Total	437 195	(22 885)	414 310	5

26. Financial instruments and risk management (continued)

26.4 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 R10.3 million (2021: R5.7 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.

	2022 R000	2021 R000
Reconciliation of trade receivables impairment allowance		
Balance at the beginning of the year	**22 885**	13 652
Amounts raised during the year	**10 317**	14 972
Amounts written off as uncollectible	**(10 325)**	(5 739)
Balance at the end of the year	**22 877**	22 885

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.

26. 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)

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 at amortised cost, 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.

26. 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, currency option 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.

27. *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* 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	Liquidity
Feb-21	**Not required**	**Not required**	**R250 m^**
Aug-21	**3.75x**	**2.75x^**	**R250 m^**
Feb-22	**3.25x**	**3.00x^**	**R250 m^**
Aug-22	**2.60x**	**3.00x**	**R250 m**
Feb-23	**2.50x**	**3.00x**	**R250 m**
Aug-23	**2.50x**	**3.00x**	**R250 m**
Feb-24	**2.50x**	**3.00x**	**R250 m**

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

	2022 R000	2021 R000
Net debt to Total equity (Gearing ratio)		
Borrowings	**1 138 152**	1 470 704
Lease liabilities	**321 335**	345 076
Cash and cash equivalents	**(333 435)**	(351 871)
Net debt	**1 126 052**	1 463 909
Total equity	**720 545**	390 764
Net debt to Total equity	**1.56**	3.75
Net debt to EBITDA (Leverage ratio)		
Net debt	**1 126 052**	1 463 909
EBITDA	**850 739**	481 145
Net debt to EBITDA ratio	**1.32**	3.04
Net asset value per share		
Total equity	**720 545**	390 764
Issued shares	**100 202 284**	100 202 284
Net asset value per share (cents)	**719**	390

28. *Reclassifications within the financial statements*

As part of the Group's continued assessment of its financial statement presentation, we have updated certain of our disclosures to enhance our presentation of 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 2021 R000	Reclassification R000	Notes	As currently stated 2021 R000
Statement of financial position				
ASSETS				
Non-current assets				
Lease receivables	29 122	(2 863)	(a)	26 259
Current assets				
Trade and other receivables	485 642	2 863	(a)	488 505
Restricted cash	–	92 486	(b)	92 486
Cash and cash equivalents	444 357	(92 486)	(b)	351 871
EQUITY AND LIABILITIES				
Current liabilities				
Non-controlling shareholder loans	1 692	(1 692)	(c)	–
Borrowings	6 412	1 692	(c)	8 104

* *Opening balances for 2021 were R64.4 million for Lease receivables, R602.6 million for Trade and other receivables, R39.8 million for Restricted cash, R446.5 million for Cash and cash equivalents, R0.6 million for Non-controlling shareholder loans and R21.8 million for Borrowings.*

	As previously stated 2021 R000	Reclassification R000	Notes	As currently stated 2021 R000
Statement of profit or loss and other comprehensive income				
Gross profit	2 006 034	–		2 006 034
Other income	–	29 271	(d)	29 271
Expected credit loss	–	(14 972)	(e)	(14 972)
Selling and administrative expenses	(1 711 315)	(14 299)	(d), (e)	(1 725 614)
Operating profit before impairment of intangible assets*	294 719	–		294 719
Impairment of intangible assets**	(193 485)	18 000	(f)	(175 485)
Operating profit	101 234	18 000		119 234
Impairment of associate	–	(18 000)	(f)	(18 000)
	101 234	–		101 234

* *In F2021 the item was labelled "Operating profit before non-operational items".*
** *In F2021 the item was labelled "Non-operational items".*

	As previously stated 2021 R000	Reclassification R000	Notes	As currently stated 2021 R000
Statement of cash flows				
Net cash inflow from operating activities	337 399	(52 693)	(b)	284 706
Net cash outflow from investing activities	(71 217)	14 356	(g)	(56 861)
Net cash outflow from financing activities	(308 098)	(14 356)	(g)	(322 454)
Net decrease in cash and cash equivalents	(41 916)	(52 693)	(b)	(94 609)
Foreign currency effect	16			16
Cash and cash equivalents at the beginning of the year	486 257	(39 793)	(b)	446 464
Cash and cash equivalents at the end of the year	444 357	(92 486)	(b)	351 871

28. *Reclassifications within the financial statements (continued)*

(a) Lease receivables were previously disclosed as part of Trade and other receivables and named Other receivables. To enhance compliance with IFRS 16 *Leases*, this item has been disclosed separately and renamed accordingly.

(b) Restricted cash balances held for marketing activities were previously reported within Cash and cash equivalents. The cash is used for a specific purpose i.e., 'ring-fenced' and not available to use for any other business use. Marketing funds in South Africa are governed by the Consumer Protection Act (CPA). The funds are managed in accordance with this law. The CPA and its regulations are our legal baseline against which we ensure compliance.

Any contribution to the Marketing Fund must be deposited into a separate Marketing Fund bank account and managed accordingly and used for purposes of the fund only.

Following the publication of the IFRIC *Agenda Decision Demand Deposits with Restrictions on Use arising from a Contract with a Third Party* released in April 2022, the Group performed an assessment of whether the restricted cash meets the definition of cash in IAS 7. The Committee observed that paragraph 6 of IAS 7 defines cash by stating that it 'comprises cash on hand and demand deposits' and that there are no requirements on whether an item qualifies as cash beyond the definition itself. The Committee noted that restrictions on the use of a demand deposit arising from a contract with a third party do not result in the demand deposit no longer being cash, unless those restrictions change the nature of the demand deposit in a way that it would no longer meet the definition of cash in IAS 7.

Based on the guidance in this IFRIC Agenda Decision, the Group has assessed that restricted cash should be presented separately from cash and cash equivalents.

The Group has applied this change as a change in accounting policy retrospectively in accordance with IAS 8.

(c) Non-controlling interest shareholder loans were previously reported as a separate line on the SFP. While considering the usefulness of the disclosure, both quantitatively and qualitatively, the balance was assessed as immaterial and reclassified to Borrowings under current liabilities. This reclassification still maintains fair presentation of the financial statements and affects the SFP.

(d) Other income was historically reported within "Selling and administrative expenses" and offset against expenses. To enhance compliance with IAS 1 Presentation of Financial Statements, "Other income" will be split from "Selling and administrative expenses". This affects the statement of profit or loss and other comprehensive income (SPLOCI).

(e) Expected credit loss was previously disclosed within "Selling and administrative expenses". To enhance compliance with IAS 1 *Presentation of Financial Statement*, it is disclosed separately. This affects the SPLOCI.

(f) The Group's continued assessment of its financial statement presentation has resulted in renaming 'Non-operational items' historically presented on the SPLOCI to 'Impairment of intangible assets'. This resulted in updating subtotals which were previously referred to as 'Non-operational items'.

To further enhance compliance with IFRS, the "impairment in associate" has been reclassified out of 'Operating profit' and has been disclosed below the "Operating profit" line.

(g) Gross receipts from sub-leases were historically reported in "Financing activities" as opposed to "Investing activities" in the Statement of Cash Flows. This presentation has been amended to enhance compliance with IAS 7 *Statement of Cash Flows*. This affects the SCF.

29. *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.

29. Share-based payments reserve (continued)

29.1 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 total expense recognised for employee services received during the year ended 28 February 2022 is R41.2 million (2021: R41.6 million). The expense recognised relates the share appreciation rights and retention shares transactions, reduced by a credit of R4.7 million resulting from forfeitures (2021: R4.1 million).

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

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

	Option exercise price range (Rand)		Number of shares	
	2022	2021	**2022**	2021
Opening balance	**101.20**	101.20	**300 000**	350 000
Forfeited	**–**	101.20	**–**	(50 000)
Options granted, shares not issued up to the end of the year	**101.20**	101.20	**300 000**	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.

	Grant date	Option fair value at grant date (Rand)	Option exercise price (Rand)	Year in which options vested
Number of ordinary shares				
300 000	**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 2021	Granted/ exercised during the period	Outstanding as at 28 February 2022
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.*

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.

29. Share-based payments reserve (continued)

29.2 Share Appreciation Rights (SARs)

In 2015, Famous Brands revised it's 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 A* for further details on grants.

A reconciliation of the movement of all SARs granted is detailed below:

	Number of SARs	
	2022	**2021**
Opening balance	**4 185 709**	1 883 259
Granted	**1 793 987**	2 557 771
Management	**1 588 456**	2 069 480
Executive directors	**205 531**	488 292
Forfeited	**(1 253 942)**	(255 321)
Settled	**(16 027)**	–
SARs outstanding at the end of the year	**4 709 727**	4 185 709

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:

	2022	**2021**
Number of SARs granted	**1 793 987**	2 557 771
The principal inputs are as follows:		
Range of the weighted average fair value at grant date for the respective tranches (Rand)	**13.19 – 22.76**	26.15 – 27.98
Weighted average grant price (Rand)	**56.66**	34.96
Closing share price at grant date (Rand)	**61.99**	34.00
Expected life (years)	**10**	10
Expected volatility (%)	**40.1**	36.6
Range of the risk-free interest rates utilised for the respective tranches (%)	**4.98 – 7.35**	9.80 – 10.4

29. Share-based payments reserve (continued)

29.3 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 A for further details on grants.

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

	Number of Retention Shares	
	2022	**2021**
Opening balance	**591 860**	598 944
Granted	**150 700**	214 914
Management	**133 730**	174 132
Executive directors	**16 970**	40 782
Forfeited	**(30 784)**	(68 868)
Settled	**(86 464)**	(153 130)
Retention Shares outstanding at the end of the year	**625 312**	591 860

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 straight-line 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:

	2022	**2021**
Number of Retention Shares granted	**150 700**	214 914
The principal inputs are as follows:		
Range of the weighted average fair value at grant date for the respective tranches (Rand)	**61.99**	34.00
Closing share price at grant date (Rand)	**61.99**	34.00
Expected life (years)	**5**	5
Expected volatility (%)	**40,09**	36.61
Range of the risk-free interest rates utilised for the respective tranches (%)	**4.98 – 7.35**	5.43 – 7.62

30. Other events

Civil unrest in South Africa

Civil unrest occurred in South Africa's KwaZulu-Natal and Gauteng provinces from 9 to 18 July 2021, and several Famous Brands and franchise partner properties suffered varying degrees of damage. The total number of restaurants damaged and rendered non-operational was 99, the majority being in KwaZulu-Natal.

At the height of the unrest, all our KwaZulu-Natal restaurants and numerous in Gauteng were closed for a few days. Across all our brands, we recorded a total loss of 4 111 restaurant trading days due to these closures.

The Group's logistics facility in Westmead was also damaged and was closed for three weeks before it became fully operational again. Through the activation of our business continuity plan, we delivered to restaurants in the affected areas.

By the end of the current financial year, 14 franchise partner restaurants had not re-opened. Famous Brands provided ongoing support to franchise partners where required in the form of royalty relief, assistance with insurance claims and bridging finance between restoration and insurance payouts.

The results include the impact of business expenses, assets and stock write-offs of R16.4 million which were recovered from our insurance. Famous Brands' direct loss was attributable to the logistics facility in Westmead. All restaurants affected by the unrest are owned by franchise partners.

Items relating to the civil unrest, recognised in the annual results, are tabled below (excl. VAT):

	2022 R000
Impact on Statement of profit or loss and other comprehensive income for the year ended 28 February 2022	
Cost of sales – inventory write off	**13 197**
Selling and administrative expenses – asset write off	**244**
Selling and administrative expenses – business continuity costs	**2 960**
Other income – insurance reimbursement	**(16 401)**
Impact on Statement of financial position as at 28 February 2022	
Trade and other receivables	**7 705**
Inventory	**(13 197)**

During the financial year, the Group submitted a Business Interruption (BI) insurance claim for R17 million. This initial claim was rejected by the loss adjuster on the basis that loss events included in the claim were not aligned with the insurance policy interpretation.

On 29 March 2022, the Group received confirmation from the loss adjuster that the revised claim was covered subject to the insurance policy interpretation. On 14 April 2022 an updated BI insurance claim for R14.4 million (excl. VAT) was submitted and the Group received an acknowledgment of liability from the insurer on 10 May 2022. Payment was received on 26 May 2022.

31. Subsequent events

Acquisition of Lexi's Healthy Eatery

Effective from 1 April 2022 the Group acquired a 51% interest in Lexi's Healthy Eatery for R3.3 million. Lexi's is a casual dining restaurant brand, offering a full-service, sit-down, plant-based dining experience across all key day parts.

The acquisition of Lexi's is aligned with Famous Brands' three-year strategic roadmap, which includes acquiring brands that have the potential to lead in their category, and which offer growth prospects based on opportunities to improve existing operational efficiencies in the target business.

The provisional purchase price is allocated to the identifiable assets and the residual to goodwill because of anticipated scale and merger benefits related to franchising and manufacturing.

July unrest insurance claim

The Group submitted a claim for gross profit loss related to the July 2021 unrest. The claim was approved by insurers on 10 May 2022 and payment was received on 26 May 2022, refer to note 30 for details.

31. Subsequent events (continued)

Liquidation claim in relation to GBK

On 06 May 2022, the Group received notification from the liquidators of GBK indicating an intention to make an interim distribution to creditors of GBK Restaurants Limited with agreed claims. The actual amount of the distribution is not yet certain but in their notice the liquidators estimated the interim dividend to be 5 pence in the pound to creditors with agreed claims. The Group's claim against GBK for dividend purposes amounts to GBP55.2 million. The liquidator indicated that the interim dividend will be declared within two months of the last date of approving – 06 August 2022.

Dividends

The Board has declared a dividend of 200 cents per ordinary share. The Group has produced significantly improved results which enabled the Board to consider paying a dividend. The Board considered the Group's current performance and future prospects. The dividend is being paid out of profits for the year ended 28 February 2022 in the amount of R200 million.

32. Going concern

As part of the directors' consideration of the appropriateness of adopting the going concern basis in preparing the annual report and financial statements, a range of scenarios have been considered. The assumptions modelled are based on the continued estimated potential impact of COVID-19 restrictions and regulations. These include a range of estimated impacts primarily based on recovery of the restaurant sector as it impacts our niche Signature Brands and Casual Dining Restaurants. Trading has improved materially, and we are optimistic that revenues will recover further. In the 2023 financial year, we may be impacted by a possibility of more waves that could lead to stringent COVID -19 restrictions again. It is expected that the COVID-19 infection rates and associated risks will continue to be well managed. We have observed that infection rates have dropped, consumer confidence improved, and spending increased. Promotional activity and advertising spend will remain.

For our South Africa market (contributing 93% to operating profit) we are forecasting recovery in our revenue, profit and cash flow. However, our revenues will still be under pressure due to the slow economy growth. This reduces trading activity in certain channels however we are strengthening in Quick Service Restaurants (part of Leading Brands) and retail shelf presence. We have assumed a marginal uplift in the Signature Brands channel, for the purpose of the scenario modelling.

A key judgement applied is the likely impact of the various COVID-19 waves which impact trading activity in the South African market, movement of people and social distancing. The scenarios include an assumption that current levels of trading will remain in place until March 2023, considering the rate of vaccination. Our mitigating actions yielded positive results for our 2022 financial year, thus we continue to use our response actions while also looking at growth plans. These plans include:

- Renegotiating the Group's borrowings with the primary lender to a more appropriate debt finance structure in line with the Group's current requirements and strategy. This will provide the Group with significant more flexibility with a structured repayment plan with no more than R320 million (in the 2027 financial year) in any particular year and a much better debt profile (note 10).
- Temporary relaxation of contractual arrangements with franchise partners to ensure they are supported to speedily recover from the pandemic which in turn supports the recovery of economic activities within the Group as the business model is aligned to the success of the franchise partners.
- Closer management of financial resources that ensure sufficient working capital reserves are immediately available.
- Narrower focus around capital expenditure programmes eliminate any potential short term financial pressures.
- Exiting non core business activities.
- Continue to manage our single biggest cost being staff costs.

We continue to monitor and implement additional health and safety measures in each of our manufacturing and distribution facilities to reduce the risk of a major supply disruption.

As at 28 February 2022, the consolidated balance sheet reflects a net asset position of R721 million and the liquidity of the Group remains strong. Our current undrawn facilities is approximately R950 million. Under all the scenarios modelled, after taking mitigating actions as needed, our forecasts did not indicate any covenant breach on current facilities. Based on all of the above the company is considered a going concern with more than adequate financial resources to continue in operation for the foreseeable future.

Annexure 1

Share-based payments reserve (continued)

for the year ended 28 February 2022

1. *Share Appreciation Rights (SARs)*

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)**	**–**	**73 616**
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)**	**(2 845)**	**1 775 300**
Tranche 1	**February 2024 – 2025**	**13.19**	**–**	**597 996**	**(5 281)**	**(949)**	**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**

^ *Average fair value for new grants and top-up grants.*

ANNEXURE 1 continued

Share-based payments reserve (continued)
for the year ended 28 February 2022

1. Share Appreciation Rights (SARs) (continued)

The number of SARs outstanding as at 28 February 2021 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			923 190	–	(28 455)	–	894 735
Tranche 1	February 2019	32.75	307 730	–	(9 485)	–	298 245
Tranche 2	February 2020	37.65	307 730	–	(9 485)	–	298 245
Tranche 3	February 2021	41.61	307 730	–	(9 485)	–	298 245
June 2016			238 317	–	(2 250)	–	236 067
Tranche 1	February 2019 – 2020	31.67	93 365	–	(750)	–	92 615
Tranche 2	February 2020 – 2021	36.41	93 365	–	(750)	–	92 615
Tranche 3	February 2021 – 2022	42.12	51 587	–	(750)	–	50 837
June 2017			125 443	–	–	–	125 443
Tranche 1	February 2020 – 2021	24.54	117 231	–	–	–	117 231
Tranche 2	February 2021 – 2022	31.01	4 106	–	–	–	4 106
Tranche 3	February 2022 – 2023	36.58	4 106	–	–	–	4 106
June 2018			360 345	–	(55 185)	–	305 160
Tranche 1	February 2021 – 2022	84.58	263 099	–	(34 341)	–	228 758
Tranche 2	February 2022 – 2023	87.27	48 623	–	(10 422)	–	38 201
Tranche 3	February 2023 – 2024	89.74	48 623	–	(10 422)	–	38 201
June 2019			235 964	–	(60 495)	–	175 469
Tranche 1	February 2022 – 2023	47.12	78 654	–	(20 165)	–	58 489
Tranche 2	February 2023 – 2024	48.46	78 654	–	(20 165)	–	58 489
Tranche 3	February 2024 – 2025	49.35	78 656	–	(20 165)	–	58 491
June 2020			–	2 557 771	(108 936)	–	2 448 835
Tranche 1	February 2023 – 2024	26.15	–	852 590	(36 312)	–	816 278
Tranche 2	February 2024 – 2025	27.21	–	852 590	(36 312)	–	816 278
Tranche 3	February 2025 – 2026	27.98	–	852 591	(36 312)	–	816 279
Number of SARs			1 883 259	2 557 771	(255 321)	–	4 185 709

^ *Average fair value for new grants and top-up grants.*

Share-based payments reserve (continued)

for the year ended 28 February 2022

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	Forfeiture	Outstanding 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**
			491 736	**205 530**	**(142 134)**	**555 133**
Ms K Ntlha*			**25 743**	**–**	**(25 743)**	**–**
Tranche 1	**November 2015**	**32.75**	**8 581**	**–**	**(8 581)**	**–**
Tranche 2	**November 2015**	**37.65**	**8 581**	**–**	**(8 581)**	**–**
Tranche 3	**November 2015**	**41.61**	**8 581**	**–**	**(8 581)**	**–**
			8 022	**–**	**(8 022)**	**–**
Tranche 1	**June 2016**	**31.67**	**2 674**	**–**	**(2 674)**	**–**
Tranche 2	**June 2016**	**36.41**	**2 674**	**–**	**(2 674)**	**–**
Tranche 3	**June 2016**	**42.12**	**2 674**	**–**	**(2 674)**	**–**
			21 714	**–**	**(21 714)**	**–**
Tranche 1	**June 2017**	**24.54**	**7 238**	**–**	**(7 238)**	**–**
Tranche 2	**June 2017**	**31.01**	**7 238**	**–**	**(7 238)**	**–**
Tranche 3	**June 2017**	**36.58**	**7 238**	**–**	**(7 238)**	**–**
			155 187	**–**	**(155 187)**	**–**
Tranche 1	**June 2020**	**26.15**	**51 729**	**–**	**(51 729)**	**–**
Tranche 2	**June 2020**	**27.21**	**51 729**	**–**	**(51 729)**	**–**
Tranche 3	**June 2020**	**27.98**	**51 729**	**–**	**(51 729)**	**–**
			210 666	**–**	**(210 666)**	**–**
Number of SARs			**702 402**	**205 530**	**(352 800)**	**555 133**

* *Ms K Ntlha resigned in November 2021.*

ANNEXURE 1 continued

Share-based payments reserve (continued)
for the year ended 28 February 2022

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	Settled	Out-standing at the end of the year
28 February 2021						
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
			158 632	333 105	–	491 737
Ms K Ntlha*			25 743	–	–	25 743
Tranche 1	November 2015	32.75	8 581	–	–	8 581
Tranche 2	November 2015	37.65	8 581	–	–	8 581
Tranche 3	November 2015	41.61	8 581	–	–	8 581
			8 022	–	–	8 022
Tranche 1	June 2016	31.67	2 674	–	–	2 674
Tranche 2	June 2016	36.41	2 674	–	–	2 674
Tranche 3	June 2016	42.12	2 674	–	–	2 674
			21 714	–	–	21 714
Tranche 1	June 2017	24.54	7 238	–	–	7 238
Tranche 2	June 2017	31.01	7 238	–	–	7 238
Tranche 3	June 2017	36.58	7 238	–	–	7 238
			–	155 187	–	155 187
Tranche 1	June 2020	26.15	–	51 729	–	51 729
Tranche 2	June 2020	27.21	–	51 729	–	51 729
Tranche 3	June 2020	27.98	–	51 729	–	51 729
			55 479	155 187	–	210 666
Number of SARs			214 111	488 292	–	702 403

* *Mr DP Hele and Ms K Ntlha were not granted SARs in F2019 (June 2018).*

Share-based payments reserve (continued)

for the year ended 28 February 2022

2. *Retention shares*

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
November 2015			–	–	–	–	–
Tranche 3	**February 2021**	**116.15**	–	–	–	–	–
June 2016			**17 784**	–	–	**(15 912)**	**1 872**
Tranche 2	**February 2020 – 2021**	**113.55**	–	–	–	–	–
Tranche 3	**February 2021 – 2022**	**110.48**	**17 784**	–	–	**(15 912)**	**1 872**
June 2017			–	–	–	–	–
Tranche 1	**February 2020 – 2021**	**127.97**	–	–	–	–	–
Tranche 2	**February 2021 – 2022**	**125.93**	–	–	–	–	–
Tranche 3	**February 2022 – 2023**	**119.24**	–	–	–	–	–
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**	**(1 340)**	**(239)**	**149 121**
Tranche 1	**February 2024 – 2025**	**61.99**	–	**50 233**	**(288)**	**(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**	**(30 784)**	**(86 464)**	**625 312**

^ *Average fair value for new grants and top-up grants.*

ANNEXURE 1 continued

Share-based payments reserve (continued)

for the year ended 28 February 2022

2. Retention shares (continued)

Details of the Retention Shares allocated as at 29 February 2021 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			77 619	–	(2 620)	(74 999)	–
Tranche 3	February 2021	116.15	77 619	–	(2 620)	(74 999)	–
June 2016			38 857	–	(3 302)	(17 771)	17 784
Tranche 2	February 2020 – 2021	113.55	19 429	–	(1 658)	(17 771)	–
Tranche 3	February 2021 – 2022	110.48	19 428	–	(1 644)	–	17 784
June 2017			50 967	–	(521)	(50 446)	–
Tranche 1	February 2020 – 2021	127.97	48 745	–	(521)	(48 224)	–
Tranche 2	February 2021 – 2022	125.93	1 111	–	–	(1 111)	–
Tranche 3	February 2022 – 2023	119.24	1 111	–	–	(1 111)	–
June 2018			119 781	–	(13 994)	(2 234)	103 554
Tranche 1	February 2021 – 2022	115.00	75 366	–	(7 455)	(2 234)	65 677
Tranche 2	February 2022 – 2023	115.00	22 208	–	(3 269)	–	18 939
Tranche 3	February 2023 – 2024	115.00	22 207	–	(3 269)	–	18 938
June 2019			311 720	–	(39 222)	(7 680)	264 818
Tranche 1	February 2022 – 2023	81.30	103 906	–	(13 074)	(2 560)	88 272
Tranche 2	February 2023 – 2024	81.30	103 906	–	(13 074)	(2 560)	88 272
Tranche 3	February 2024 – 2025	81.30	103 908	–	(13 074)	(2 560)	88 274
June 2020			–	214 914	(9 210)	–	205 704
Tranche 1	February 2023 – 2024	34.00	–	71 638	(3 070)	–	68 568
Tranche 2	February 2024 – 2025	34.00	–	71 638	(3 070)	–	68 568
Tranche 3	February 2025 – 2026	34.00	–	71 638	(3 070)	–	68 568
Number of Retention Shares			598 944	214 914	(68 869)	(153 130)	591 860

^ *Average fair value for new grants and top-up grants.*

Share-based payments reserve (continued)
for the year ended 28 February 2022

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 & Forfeited	Closing balance
28 February 2022						
Executive director						
Mr DP Hele			–	–	–	–
Tranche 3	**November 2015**	**130.03**	**–**	**–**	**–**	**–**
			873	**–**	**(873)**	**–**
Tranche 2	**June 2016**	**130.03**	**–**	**–**	**–**	**–**
Tranche 3	**June 2016**	**130.03**	**873**	**–**	**(873)**	**–**
			–	**–**	**–**	**–**
Tranche 1	**June 2017**	**130.03**	**–**	**–**	**–**	**–**
Tranche 2	**June 2017**	**127.95**	**–**	**–**	**–**	**–**
Tranche 3	**June 2017**	**125.92**	**–**	**–**	**–**	**–**
			38 356	**–**	**–**	**38 356**
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**	**12 786**	**–**	**–**	**12 786**
			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**
			–	**16 970**	**–**	**16 970**
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**
			66 733	**16 970**	**(873)**	**82 830**
Ms K Ntlha			**–**	**–**	**–**	**–**
Tranche 3	**November 2015**	**130.03**	**–**	**–**	**–**	**–**
			456	**–**	**(456)**	**–**
Tranche 2	**June 2016**	**130.03**	**–**	**–**	**–**	**–**
Tranche 3	**June 2016**	**130.03**	**456**	**–**	**(456)**	**–**
			–	**–**	**–**	**–**
Tranche 1	**June 2017**	**130.03**	**–**	**–**	**–**	**–**
Tranche 2	**June 2017**	**127.95**	**–**	**–**	**–**	**–**
Tranche 3	**June 2017**	**125.92**	**–**	**–**	**–**	**–**
			12 933	**–**	**(12 933)**	**–**
Tranche 1	**June 2019**	**81.30**	**4 311**	**–**	**(4 311)**	**–**
Tranche 2	**June 2019**	**81.30**	**4 311**	**–**	**(4 311)**	**–**
Tranche 3	**June 2019**	**81.30**	**4 311**	**–**	**(4 311)**	**–**
			13 278	**–**	**(13 278)**	**–**
Tranche 1	**June 2020**	**34.00**	**4 426**	**–**	**(4 426)**	**–**
Tranche 2	**June 2020**	**34.00**	**4 426**	**–**	**(4 426)**	**–**
Tranche 3	**June 2020**	**34.00**	**4 426**	**–**	**(4 426)**	**–**
			26 667	**–**	**(26 667)**	**–**
Number of SARs			**93 400**	**16 970**	**(27 540)**	**82 830**

ANNEXURE 1 continued

Share-based payments reserve (continued)
for the year ended 28 February 2022

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 & Forfeited	Closing balance
28 February 2021						
Executive director						
Mr DP Hele			8 807	–	(8 807)	–
Tranche 3	November 2015	116.15	8 807	–	(8 807)	–
			1 746	–	(873)	873
Tranche 2	June 2016	114.46	873	–	(873)	–
Tranche 3	June 2016	111.36	873	–	–	873
			17 754	–	(17 754)	–
Tranche 1	June 2017	130.03	5 918	–	(5 918)	–
Tranche 2	June 2017	127.95	5 918	–	(5 918)	–
Tranche 3	June 2017	125.92	5 918	–	(5 918)	–
			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
			66 662	27 504	(27 434)	66 732
Ms K Ntlha			2 860	–	(2 860)	–
Tranche 3	November 2015	116.15	2 860	–	(2 860)	–
			911	–	(455)	456
Tranche 2	June 2016	114.46	455	–	(455)	–
Tranche 3	June 2016	111.36	456	–	–	456
			5 157	–	(5 157)	–
Tranche 1	June 2017	130.03	1 719	–	(1 719)	–
Tranche 2	June 2017	127.95	1 719	–	(1 719)	–
Tranche 3	June 2017	125.92	1 719	–	(1 719)	–
			12 933	–	–	12 933
Tranche 1	June 2019	81.30	4 311	–	–	4 311
Tranche 2	June 2019	81.30	4 311	–	–	4 311
Tranche 3	June 2019	81.30	4 311	–	–	4 311
			–	13 278	–	13 278
Tranche 1	June 2020	34.00	–	4 426	–	4 426
Tranche 2	June 2020	34.00	–	4 426	–	4 426
Tranche 3	June 2020	34.00	–	4 426	–	4 426
			21 861	13 278	(8 472)	26 667
Number of SARs			88 523	40 782	(35 906)	93 399

Annexure 2

Exchange rates

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

	2022		2021	
	Average	**Closing**	**Average**	**Closing**
GB Pound to Rand	**20.36**	**20.61**	21.31	21.00
Euro to Rand	**17.35**	**17.23**	19.08	18.21
US Dollar to Rand	**14.85**	**15.39**	16.49	15.08
Zambian Kwacha to Rand	**1.31**	**1.15**	1.18	1.44
Nigerian Naira to Rand	**0.04**	**0.04**	0.04	0.04
Botswana Pula to Rand	**1.31**	**1.31**	1.42	1.36

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 2022, 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 31 May 2022.

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 incurred a net loss for the year ended 28 February 2022 of R13.1 million and as of that date its total assets exceeded its total liabilities by R184 million.

The entity is in a net current liability position of R2 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 32 *Going concern* and the assumptions applied.

Company statement of financial position

at 28 February 2022

	Notes	2022 R000	2021 R000
Assets			
Non-current assets		**476 303**	435 205
Investments in subsidiaries	1	**476 303**	435 205
Current assets		**766**	8 007
Receivables from Group companies	1	**–**	6 118
Other receivables	2	**548**	1 645
Cash and cash equivalents	3	**218**	244
Total assets		**477 069**	443 212
Equity and liabilities			
Capital and reserves			
Share capital	4	**1 002**	1 002
Share premium	4	**164 811**	164 210
Reserves	5	**239 237**	198 139
Accumulated losses		**(221 541)**	(208 432)
Total equity		**183 509**	155 520
Non-current liabilities			
Payables to Group companies	1	**290 524**	283 431
Current liabilities		**3 036**	4 261
Trade and other payables	6	**618**	1 843
Shareholders for dividends		**2 418**	2 418
Total liabilities		**293 560**	287 692
Total equity and liabilities		**477 069**	443 212

Company statement of profit or loss and other comprehensive income

for the year ended 28 February 2022

	Notes	**2022 R000**	2021 R000
Revenue	7	**–**	700 000
Selling and administrative (expenses)/income		**(6 998)**	5 478
Operating (loss)/profit before impairments*		**(6 998)**	705 478
Impairments	8	**(6 118)**	(602 601)
Operating (loss)/profit		**(13 116)**	102 877
Finance income		**7**	1 950
(Loss)/profit before tax	8	**(13 109)**	104 827
Tax	9	**–**	1 566
(Loss)/profit for the year		**(13 109)**	106 393
Total comprehensive (loss)/profit for the year		**(13 109)**	106 393

* *In F2021 the item was labelled "Operating profit before non-operational items".*

Company statement of changes in equity

for the year ended 28 February 2022

	Share capital R000	Share premium R000	Non-distributable reserves R000	Accumulated losses R000	Total equity R000
Balance at 1 March 2020	1 002	164 210	157 150	(314 825)	7 537
Issue of capital and share premium	–	601	(601)	–	–
Equity settled share-based payment schemes	–	–	41 590	–	41 590
Total comprehensive income for the year	–	–	–	106 393	106 393
Balance at 1 March 2021	**1 002**	**164 811**	**198 139**	**(208 432)**	**155 520**
Equity settled share-based payment schemes	**–**	**–**	**41 098**	**–**	**41 098**
Total comprehensive loss for the year	**–**	**–**	**–**	**(13 109)**	**(13 109)**
Balance at 28 February 2022	**1 002**	**164 811**	**239 237**	**(221 541)**	**183 509**
	Note 4	Note 4	Note 5		

Company statement of cash flows

for the year ended 28 February 2022

	Notes	2022 R000	2021 R000
Cash utilised in operations	10.1	**(7 126)**	(6 518)
Finance income received		**7**	17
Dividends paid to owners of Famous Brands Limited	10.2	**–**	(5)
Net cash outflow from operating activities		**(7 119)**	(6 506)
Cash flow from financing activities			
Increase in payables to Group companies	10.3	**7 093**	6 366
Net cash inflow from financing activities		**7 093**	6 366
Net decrease in cash and cash equivalents		**(26)**	(140)
Cash and cash equivalents at the beginning of the year		**244**	384
Cash and cash equivalents at the end of the year		**218**	244

Notes to the company financial statements

for the year ended 28 February 2022

	2022 R000	2021 R000
1. *Investments, receivables and payables with Group companies*		
Investments in subsidiaries*	**476 303**	435 205
Net amount owing to subsidiaries**	**(290 524)**	(277 313)
Receivables from Group companies	**–**	6 118
Payables to Group companies	**(290 524)**	(283 431)
	185 779	157 892

* *Unlisted shares at cost less impairment.*

** *The amounts owing from/(to) Group companies are interest free and have no fixed terms of repayment. They are disclosed on the statement of financial position as required by IFRS. 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.*

Receivable from Group companies – Gourmet Burger Kitchen (GBK) restaurants

The loan to GBK Restaurants for R154 million was fully impaired in the previous financial year. Famous Brands still has rights to collection.

Impairment of investment in subsidiaries

The investment of R448 million in GBK was fully impaired in the previous financial year.

A schedule of subsidiaries of the company is set out in Note 25 of the consolidated financial statements.

	2022 R000	2021 R000
Reconciliation of the movement in unlisted shares at cost less impairment		
Opening Balance	**435 205**	841 660
Change in investment in subsidiary – IFRS2 *Share based payments*	**41 098**	41 590
Impairment of GBK	**–**	(448 045)
Closing balance	**476 303**	435 205

	2022 R000	2021 R000
2. *Other receivables*		
Non-financial instruments	**548**	1 645
VAT receivable	**548**	436
Other receivables	**–**	1 209
	548	1 645

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.

	2022 R000	2021 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	**218**	244
Cash on hand and bank balances	**218**	244

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

	2022 R000	2021 R000
4. Share capital and share premium		
Share capital		
Authorised		
200 000 000 (2021: 200 000 000) ordinary par value shares of one cent each	**2 000**	2 000
Unissued		
99 797 716 (2021: 99 797 716) ordinary par value shares of one cent each	**998**	998
Issued		
Total shares in issue 100 202 284 (2021: 100 202 284) ordinary par value shares of one cent each	**1 002**	1 002
Share premium		
Balance at the beginning of the year	**164 811**	164 210
Premium on shares issued	**–**	601
Balance at the end of the year	**164 811**	164 811

Reconciliation of movements in the number of ordinary shares	2022 Number of shares	2021 Number of shares
Authorised	**200 000 000**	200 000 000
Issued		
Shares in issue at the beginning of the year	**100 202 284**	100 186 058
Vesting of shares – Share based payment settlement	**–**	16 226
Shares in issue at the end of the year	**100 202 284**	100 202 284
Unissued shares at the end of the year	**99 797 716**	99 797 716

	2022 R000	2021 R000
5. Reserves		
Share-based payments	**239 237**	198 139
	239 237	198 139

Please refer to note 29 and Annexure A on the Group financial statements for more information relating to the share-based payments.

	2022 R000	2021 R000
6. *Trade and other payables*		
Financial instruments		
Other payables	**3**	1 843
Accruals	**615**	–
	618	1 843

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

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

	2022 R000	2021 R000
7. *Revenue*		
Dividends received from subsidiaries	**–**	700 000
	–	700 000

F2021 dividends were received from Famous Brands Management Company (Pty) Ltd. The entity did not declare any dividends in the current year. The restriction from our primary lender is that the Group must reduce net debt to EBITDA to be less than 2.5 times for two consecutive periods before resuming dividend distribution.

	2022 R000	2021 R000
8. *(Loss)/profit before tax*		
(Loss)/profit before tax is calculated after taking into account, among other items, those detailed below:		
Directors' remuneration (Refer to Note 23 of the consolidated financial statements)	**5 556**	4 331
Non-executive directors	**5 556**	4 331
Executive directors	**11 914**	13 282
Less: amounts paid by subsidiaries	**(11 914)**	(13 282)
Audit fees	**2 180**	1 237
Foreign exchange profit	**–**	(11 493)
Finance income	**7**	1 950
Impairments	**6 118**	602 601
Impairment of investment in subsidiary	**–**	448 045
Impairment of intercompany loan*	**6 118**	154 556

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

	2022 R000	2021 R000
9. *Tax*		
Normal tax		
Current tax	–	–
Deferred tax*	–	(1 566)
Current temporary differences	–	(672)
Prior year overprovision	–	(894)
	–	(1 566)
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	–	(187.7)
Prior year over provision: Deferred tax	–	(0.9)
Non-taxable income	–	(0.5)
Increase in rate for year due to:		
Disallowable expenditure**	**(13.1)**	151.0
Tax losses not recognised	**(14.9)**	8.6
Effective rate of tax	–	(1.5)

* *A deferred tax asset on the assessed loss has only been recognised to the extent of available taxable temporary differences.*
** *Relates to non-deductible intercompany balance write-off. F2021 is mainly attributable to GBK impairment (161.5%), realised foreign exchange gains not recovered (-12.6%) and expense relating to exempt income (2.1%).*

	2022 R000	2021 R000
10. Cash flow information		
10.1 Reconciliation of (loss)/profit before tax to cash generated by operations		
(Loss)/profit before tax	**(13 109)**	104 827
Adjustments for:		
Impairment	**6 118**	602 601
Dividends received	–	(700 000)
Finance income	**(7)**	(1 950)
Other non-cash items*	–	(11 493)
Cash utilised before changes in working capital	**(6 998)**	(6 014)
Working capital changes	**(128)**	(504)
Increase in receivables	**1 097**	(1 177)
Increase in payables	**(1 225)**	673
Cash utilised in operations	**(7 126)**	(6 518)

* *Prior year relates to foreign exchange movement.*

	2022 R000	2021 R000
10. Cash flow information (continued)		
10.2 Reconciliation of dividends paid during the year		
Amounts owing at the beginning of the year	**(2 418)**	(2 423)
Amounts charged to retained earnings	**–**	–
Amounts owing at the end of the year	**2 418**	2 418
Dividends paid^	**–**	(5)
10.3 Reconciliation of financing activities		
Amount owing to subsidiaries		
Carrying value at beginning of the year	**283 431**	977 065
Cash movement	**7 093**	6 366
Dividend	**–**	(700 000)
Carrying value at end of the year	**290 524**	283 431

^ *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.

	2022 Carrying amount R000	2021 Carrying amount R000
Financial assets		
Measured at amortised cost:		
Cash and cash equivalents	**218**	244
Receivables from Group companies	**–**	6 118
	218	6 362
Financial liabilities		
Measured at amortised cost:		
Trade and other payables	**618**	1 843
Shareholders for dividends	**2 418**	2 418
Payables to Group companies	**290 524**	283 431
	293 560	287 692

The carrying amounts of 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).

	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**

	2021		
	Less than 1 year R000	**1 – 5 years R000**	**Total R000**
Trade and other payables	1 843	–	1 843
Payables to Group companies	–	283 431	283 431
Shareholders for dividends	2 418	–	2 418
	4 261	283 431	287 692

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: internal credit rating, 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 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. Credit risk is mainly dependent on the subsidiaries performance.

	2022 R000	**2021 R000**
Receivables from Group companies	**–**	6 118
Cash and cash equivalents	**218**	244
	218	6 362

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.

	2022 R000	2021 R000
13.1 Transactions between the holding company and subsidiaries		
Dividends received	**–**	700 000
Finance income – GBK loan	**–**	1 933
Management fees received by the Company from the operating subsidiary for statutory costs incurred	**1 464**	1 394

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 23 *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

On 06 May 2022, the company received notification from the liquidators of GBK indicating an intention to make an interim distribution to creditors of GBK Restaurants Limited with agreed claims. The actual amount of the distribution is not yet certain but in their notice the liquidators estimated the interim dividend to be 5 pence in the pound to creditors with agreed claims. The Group's claim against GBK for dividend purposes amounts to GBP53.3 million. The liquidator indicated that the interim dividend will be declared within two months of the last date of approving – 06 August 2022.

Shareholder spread

AT 28 February 2022

	Number of Shareholdings	% of total shareholdings	Number of Shares	% of issued Capital
Shareholder Spread				
1 – 10 000	**6 522**	**94.22%**	**3 954 408**	**3.95%**
10 001 – 50 000	**201**	**2.90%**	**4 691 000**	**4.68%**
50 001 – 100 000	**65**	**0.94%**	**4 638 344**	**4.63%**
100 001 – 1 000 000	**113**	**1.63%**	**33 927 064**	**33.86%**
Over 1 000 000	**21**	**0.30%**	**52 991 468**	**52.88%**
Total	**6 922**	**100.00%**	**100 202 284**	**100.00%**
Distribution of Shareholders				
Individuals	**5 998**	**86.65%**	**13 022 019**	**13.00%**
Insurance Companies	**8**	**0.12%**	**2 026 422**	**2.02%**
Investment Trusts	**231**	**3.34%**	**7 627 903**	**7.61%**
Other Companies & Corporate Bodies	**685**	**9.90%**	**77 525 940**	**77.37%**
Total	**6 922**	**100.00%**	**100 202 284**	**100.00%**
* *Pursuant to the provisions of Section 56 of the Companies Act, 2008, disclosures from foreign nominee companies have been included in this analysis.*				
Shareholder Type				
Non-Public Shareholders	**31**	**0.45%**	**20 652 046**	**20.61%**
Directors and Associates (Direct)	**11**	**0.16%**	**5 980 684**	**5.97%**
Directors and Associates (Indirect)	**20**	**0.29%**	**14 671 362**	**14.64%**
Public Shareholders	**6 891**	**99.55%**	**79 550 238**	**79.39%**
Total	**6 922**	**100.00%**	**100 202 284**	**100.00%**
Fund Managers With A Holding Greater Than 5% of The Issued Shares				
Coronation Fund Managers			**29 516 171**	**29.46%**
Visio Capital Management			**10 054 592**	**10.03%**
Public Investment Corporation			**6 804 436**	**6.79%**
Total			**46 375 199**	**46.28%**
Beneficial Shareholders With A Holding Greater Than 5% Of The Issued Shares				
Coronation Fund Managers			**16 781 793**	**16.75%**
Government Employees Pension Fund			**9 496 760**	**9.48%**
Panis Trust			**6 828 955**	**6.82%**
Total			**33 107 508**	**33.04%**
Total number of shareholdings	**6 922**			
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 and DJ Fredericks (Group Financial Director)*.

* *Executive*

Company secretary

CD Appollis

Registered office

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Transfer secretaries

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Sponsor

The Standard Bank of South Africa Limited
Registration number: 1969/017128/06
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Auditors

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