SPUR CORP.

LEADING FOR THE GREATER GOOD

Annual Financial Statements

TWENTY22

SPUR CORPORATION LTD
(Registration number: 1998/000828/06)

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate financial statements on pages 19 to 121 of this report have been audited in accordance with the requirements of section 30 of the Companies Act of South Africa (Act No. 71 of 2008, as amended) and have been prepared under the supervision of the group chief financial officer, Cristina Teixeira CA(SA).

AUDIT COMMITTEE REPORT

The audit committee is pleased to present its report for the financial year ended 30 June 2022.

The audit committee is constituted in terms of section 94 of the Companies Act (Act No. 71 of 2008, as amended) (the Companies Act) to provide oversight of the company's system of internal controls, compliance with laws and regulations, the financial reporting process and the audit process. The committee's activities are guided by its terms of reference approved by the board, which is informed by the Companies Act, JSE Ltd Listing Requirements (Listings Requirements) and the King IV Report on Corporate Governance for South Africa, 2016 (King IV™).

The committee has discharged the functions delegated to it as set out in its terms of reference.

COMPOSITION AND FUNCTIONING OF THE COMMITTEE

The committee comprises of four independent non-executive directors, Ms Cora Fernandez as the committee chair, Ms Jesmane Boggenpoel, Messrs André Parker and Sandile Phillip.

The committee members' biographies are available on the group's website.

The committee discharges all audit committee responsibilities of all local subsidiaries within the group.

Three formal annual meetings and one *ad hoc* meeting were held during the financial year at which the committee discharged its responsibilities including, in addition to items listed in the remainder of this report:

- reviewing the group's interim and annual results (including the annual financial statements) prior to publication;
- reviewing the company's sustainability information included in the integrated report to assess its consistency and accuracy with representations and reports submitted by management to the committee and other board subcommittees;
- reviewing the committee terms of reference;
- reviewing the assessment of information technology (IT) risks insofar as these had an impact on financial reporting and ensuring that these had been mitigated;
- confirming that an appropriate anonymous ethics hotline was in place and considering any relevant matters reported by this platform. No matters were reported during the period;
- considering matters referred to it by the board for review and recommendations; and
- appointing an internal audit firm from the 2023 financial year, following the completion of the company's approved three-year internal audit plan conducted by Moore Risk Services (Pty) Ltd in 2022, as noted below.

The one additional committee meeting held during the financial year was to consider proposals by bidding firms in response to a Request for Proposal (RFP) process in the appointing of an external audit firm for the company, following the completion of KPMG's external audit for the 2021 financial year after a 22 year tenure, with effect from the 2022 financial year as noted below.

The committee met with internal and external auditors, independently, to evaluate, and consider possible changes to, the internal audit plan and the external audit plan, for approval and recommendation to the board.

The external and internal auditors have unrestricted access to the committee.

Committee members reviewed all potentially price sensitive information published by the company, prior to release. All findings and recommendations of the committee were reported to the board at the following board meeting.

All members attended all meetings held during the year.

EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

During the year, shareholders were advised that in anticipation of the mandatory audit firm rotation requirements of the Independent Regulatory Board for Auditors (IRBA), the company had concluded an RFP process to appoint a new external audit firm from its 2022 financial year.

A qualifying criterion of the RFP process was the independence of the proposed auditor to the company.

Pursuant to paragraph 3.75 of the Listings Requirements, the audit committee recommended, and the board of directors endorsed, the proposed appointment of PricewaterhouseCoopers Incorporated (PwC) as the external auditor of Spur Corporation, with Mr Anton Hugo as the designated individual audit partner, effective for this financial year ended 30 June 2022. PwC's appointment as external auditor became effective as soon as KPMG's appointment concluded, subject to shareholder approval at the annual general meeting (AGM) of the company of 10 December 2021. An ordinary resolution proposing the appointment of PwC as external auditor of the company was included in the notice of AGM and the appointment of PwC was approved by shareholders.

The audit committee has satisfied itself that the external auditor, PwC, is independent of the company, as set out in section 94(8) of the Companies Act, which included considering previous appointments of the auditor, the extent of other work undertaken by the auditor for the company and compliance with criteria relating to independence and conflicts of interest as prescribed by the IRBA.

The committee has reviewed the reports from PwC that demonstrate the internal governance processes within the audit firm that provide assurance on the independence of the audit firm. The committee also reviewed reports submitted to PwC by the IRBA in respect of its internal governance and related processes, as well as previous inspection findings of PwC by the IRBA.

The committee has satisfied itself that the audit firm, PwC, and designated auditor, Mr Anton Hugo, are accredited on the JSE's list of auditors.

The committee has reviewed the information provided by PwC pursuant to section 22(15)(h) of the Listings Requirements, made appropriate enquiries of the audit team and discussed the performance of the auditor with management. Based on these procedures, the committee is satisfied as to the quality and effectiveness of the external audit.

A formal policy is in place which deals with non-audit services provided by the external auditor. In accordance with this policy, any non-audit services provided by PwC must be pre-approved by the committee. Since PwC's appointment, no non-audit services were provided by PwC during the year.

The committee approved the external auditor's fees and terms of engagement for the financial year ended 30 June 2022.

The committee is satisfied that, based on the outcomes of the matters raised above, PwC is independent of the company and the group.

INTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

On the conclusion of an RFP process, the board, on the recommendation of the audit committee, appointed BDO Advisory Services (Pty) Ltd (BDO), an outsourced independent service provider, to provide internal audit services with effect from 1 July 2022. Moore Risk Services (Pty) Ltd's tenure as internal auditor to the company ended on 30 June 2022, after nine years.

The audit committee has satisfied itself that the internal auditor, BDO, is independent of the company.

FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The committee has reviewed the accounting policies as well as the consolidated and separate financial statements of the company, and is satisfied that they are appropriate and comply with International Financial Reporting Standards (IFRS).

The committee has considered the practice notes issued by the JSE Ltd in relation to financial reporting.

The committee has considered representations from management in order to support the going concern assertion as a basis of preparation for the interim and annual financial statements.

The committee has reviewed and considered significant areas of judgement in the preparation of the financial statements and the committee is satisfied that the appropriate care and skill were exercised in those judgements.

The committee notes that no internal or external complaints had been received relating to the group's accounting practices, internal audit, external audit, internal financial controls and related matters.

INTERNAL FINANCIAL CONTROLS

In evaluating the integrity of the company's financial information and the effectiveness of internal financial controls, the committee relied on the work performed by internal audit, representations by management and the external auditor's management report.

The committee acknowledges that it is not the external auditor's responsibility to identify control deficiencies but considers the content of the report to be a key indicator of the effectiveness of the financial control environment holistically.

The committee considered the risk management and compliance processes as well as the work performed by the group chief executive officer (CEO) and group chief financial officer (CFO) in preparation for their responsibility statement in assessing the internal control effectiveness. The CEO and CFO responsibility statement is reflected on page 5 of this report.

Based on these interactions and assessments, the committee confirms that it has no reason to believe that there were any material breakdowns in the internal financial controls during the period under review.

EVALUATION OF THE EXPERTISE AND EXPERIENCE OF THE FINANCIAL DIRECTOR AND FINANCE FUNCTION

In accordance with the Listings Requirements, the committee must consider and be satisfied, on an annual basis, of the appropriateness of the expertise and experience of the financial director – the committee has concluded that Cristina Teixeira, the CFO and financial director, possesses the appropriate expertise and experience to meet her responsibilities in that position. The committee has further assessed the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the finance function and concludes that these are adequate.

GOING CONCERN

The audit committee has considered the going concern status of the company and of the group and has made recommendations to the board in this regard. The board's statement on the going concern status of the company and of the group is supported by the audit committee.

Cora Fernandez
Audit committee chair

DIRECTORS' RESPONSIBILITY AND APPROVAL

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Spur Corporation Ltd, comprising the consolidated and separate statements of financial position at 30 June 2022, the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and group to continue as going concerns, and have concluded that the businesses will be going concerns in the year ahead. The rationale for this conclusion is detailed in note 2 to the consolidated financial statements.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with IFRS.

APPROVAL OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate financial statements of Spur Corporation Ltd, as identified in the first paragraph were approved by the board of directors on Thursday, 18 August 2022 and are signed by

Mike Bosman
Chairman
(Authorised director)

Val Nichas
Group chief executive officer
(Authorised director)

CEO AND CFO RESPONSIBILITY STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

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

(a) the annual financial statements set out on pages 19 to 121, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
(c) internal financial controls have been put in place to ensure that material information relating to the issuer has been provided to effectively prepare the annual financial statements of the issuer;
(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
(e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
(f) we are not aware of any fraud involving directors.

Val Nichas
Group chief executive officer
18 August 2022

Cristina Teixeira
Group chief financial officer
18 August 2022

DECLARATION BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act (Act No. 71 of 2008, as amended), I certify that the company has lodged with the Commissioner all such returns and notices as required by the Companies Act and that all such returns and notices appear to be true, correct and up to date.

Donfrey Meyer
Company secretary

18 August 2022

DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR TWENTY-THIRD ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

NATURE OF THE BUSINESS

Spur Corporation Limited (company registration number: 1998/000828/06), which is domiciled and incorporated in the Republic of South Africa and listed on the JSE Ltd, the recognised securities exchange in South Africa, is an investment holding company. Through various subsidiaries, the group carries on the business of franchisor in predominantly the family sit-down and quick service restaurant markets. Through other subsidiaries, the group provides marketing and promotional services to franchisees. A subsidiary of the company, Spur Group Properties (Pty) Ltd, owns certain properties which are owner-occupied from a group perspective. A subsidiary, Share Buy-back (Pty) Ltd, holds treasury shares as authorised by shareholders by way of special resolution on an annual basis. The company also has indirect interests in six local entities that operate four The Hussar Grills, one RocoMamas and one Modrockers (pilot proof of concept) outlet in South Africa.

The group operates as franchisor for the Spur Steak Ranches (including Spur Grill & Go), Panarottis Pizza Pasta, John Dory's Fish Grill Sushi, The Hussar Grill, RocoMamas (including RocoGo), Casa Bella, Nikos and Modrockers brands. It trades predominantly in South Africa, but has a presence in Australia, New Zealand, Mauritius, the Middle East, India and certain African countries (outside of South Africa) including Namibia, Nigeria, Zambia and Kenya.

FINANCIAL REVIEW

The group's statement of profit or loss and other comprehensive income is presented on page 19 and reflects the group's financial results.

The group achieved a strong trading performance for the year, following a recovery from the impact of the global COVID-19 pandemic in the past two years.

Franchised restaurant sales for the financial year are 28.2% higher than the prior financial year, and are pleasingly slightly ahead of the 2019 financial year pre-pandemic levels.

Following the relaxation of lockdown restrictions, trading conditions improved from August 2021 with franchised restaurant sales in the first half of the 2022 financial year growing by 28.3% over the prior comparable period to December 2020.

This strong growth trend continued into the second half of the 2022 financial year, with a 28.5% increase in local restaurant sales and a 24.7% increase in international restaurant sales over the second half of the 2021 financial year.

Franchised restaurant turnovers by brand are listed below:

Brand	**2022 R'm**	2021 R'm	% Change
Spur	**4 744.8**	3 646.4	30.1
Panarottis	**698.4**	531.7	31.4
John Dory's	**413.4**	325.4	27.0
RocoMamas	**789.0**	629.5	25.3
Speciality brands (The Hussar Grill, Casa Bella, Nikos)	**359.8**	236.7	52.0
Total South Africa	**7 005.4**	**5 369.7**	**30.5**
International	**736.4**	667.8	10.3
Total group	**7 741.8**	**6 037.5**	**28.2**

The number of restaurants (including those temporarily closed due to lockdown restrictions) are listed below:

	30 June 2022			30 June 2021		
Brand	**South Africa**	**International**	**Total**	South Africa	International	Total
Spur	**297**	**32**	**329**	296	34	330
Panarottis	**82**	**33**	**115**	84	29	113
John Dory's	**47**	**2**	**49**	49	3	52
RocoMamas	**85**	**15**	**100**	78	17	95
Speciality brands (The Hussar Grill, Casa Bella, Nikos)	**36**	**2**	**38**	32	2	34
Total	**547**	**84**	**631**	539	85	624

In South Africa, 23 restaurants were opened during the year, including nine RocoMamas, five Spur and four Panarottis restaurants. The Speciality brands opened two The Hussar Grills, two Nikos restaurants and one Casa Bella restaurant. Fifteen local restaurants closed mainly due to current market conditions.

The group's international growth strategy gained momentum and eight restaurants opened internationally with four Panarottis and two RocoMamas opened in Zambia, as well as a RocoMamas in both Namibia and India.

The group continued to de-risk its presence in Australia and New Zealand, with only three restaurants remaining in this region at year-end.

FINANCIAL REVIEW continued

The combined impact of changes in restaurant sales and the temporarily revised franchise and marketing fund contribution fee rates implemented in response to the varying COVID-19 lockdown restrictions in place during the past two years, has resulted in a 'multiplier effect' on the group's revenue (franchise and marketing fund contribution fee revenue). The tables below detail franchised restaurant sales for the past two years relative to a pre-COVID-19 year as well as the revised base franchise and marketing fund contribution fee rates that were applied during the same period, giving context to the group's financial performance for the corresponding periods.

Franchised restaurant sales as a percentage of corresponding month in pre-COVID-19 year

%	July 2020*	Aug 2020*	Sept 2020*	Oct 2020*	Nov 2020*	Dec 2020*
Spur	34.6	56.2	72.1	93.9	79.8	74.4
Panarottis@	34.5	53.3	66.7	91.7	77.5	72.2
John Dory's	24.8	45.1	66.5	78.9	72.9	68.3
RocoMamas	66.5	78.6	86.5	103.7	86.4	87.0
Speciality brands@	22.4	41.9	78.9	78.0	66.2	60.8
Total South Africa	36.5	56.7	73.8	92.8	79.0	74.2
International	76.0	69.0	83.9	97.5	86.5	88.9
Total group	40.9	58.2	74.8	93.3	79.8	75.6

%	Jan 2021^	Feb 2021^	Mar 2021*	Apr 2021*	May 2021*	June 2021*
Spur	66.7	82.4	78.9	104.3	101.2	77.5
Panarottis@	68.0	79.7	68.5	92.5	93.0	71.4
John Dory's	55.9	75.3	69.3	92.1	85.1	67.3
RocoMamas	87.9	97.2	89.4	111.9	93.2	87.2
Speciality brands@	35.1	60.8	74.4	86.5	92.0	71.7
Total South Africa	66.3	81.8	77.9	101.9	97.9	76.9
International	87.0	72.4	62.9	67.5	89.3	70.7
Total group	68.5	80.8	76.4	98.0	97.0	76.2

%	**July 2021*#**	**Aug 2021***	**Sept 2021***	**Oct 2021***	**Nov 2021***	**Dec 2021***
Spur	**54.0**	**85.0**	**96.5**	**121.9**	**94.5**	**95.5**
Panarottis@	**59.2**	**81.8**	**88.9**	**118.8**	**91.3**	**90.3**
John Dory's	**40.4**	**70.8**	**85.4**	**104.4**	**84.8**	**85.2**
RocoMamas	**89.5**	**99.3**	**108.2**	**137.7**	**111.1**	**112.8**
Speciality brands@	**30.8**	**74.7**	**97.9**	**106.6**	**93.4**	**87.9**
Total South Africa	**56.0**	**84.6**	**96.2**	**121.1**	**95.1**	**95.4**
International	**73.5**	**72.5**	**83.0**	**92.3**	**79.4**	**92.2**
Total group	**58.0**	**83.2**	**94.9**	**117.9**	**93.5**	**95.1**

%	**Jan 2022^**	**Feb 2022^**	**Mar 2022***	**Apr 2022***	**May 2022***	**June 2022***
Spur	**106.5**	**99.3**	**100.2**	**123.3**	**115.5**	**106.5**
Panarottis@	**98.8**	**96.2**	**90.0**	**114.7**	**111.0**	**100.0**
John Dory's	**91.6**	**86.4**	**82.7**	**100.9**	**92.5**	**91.6**
RocoMamas	**115.2**	**111.5**	**106.0**	**131.8**	**113.1**	**110.9**
Speciality brands@	**89.7**	**99.0**	**111.1**	**121.4**	**120.4**	**128.7**
Total South Africa	**104.5**	**99.3**	**99.0**	**121.5**	**113.4**	**106.3**
International	**93.1**	**85.0**	**86.5**	**96.7**	**108.0**	**92.7**
Total group	**103.3**	**97.8**	**97.7**	**118.7**	**112.9**	**104.9**

* *Relative to corresponding month in the 2019 calendar year.*

^ *Relative to corresponding month in the 2020 calendar year.*

July 2021 was negatively impacted by the prohibition of sit-down trade for the month and the civil unrest experienced in KwaZulu-Natal and Gauteng. The civil unrest resulted in nine franchised restaurants being looted and vandalised, with damages totalling approximately R30 million.

@ *Brand information for the prior year has been restated in line with the change in the composition of reporting segments during the current year as referred to in note 6.*

FINANCIAL REVIEW continued

Base franchise fee (FF) and marketing fund contribution fee (MF) (percentage of restaurant turnover charged per month)

% FF:MF	Standard	July 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020	Dec 2020
Spur[$]	**5.0 : 4.0**	3.0 : 1.0	3.0 : 1.0	4.0 : 2.0	4.0 : 3.0	4.5 : 3.5	4.5 : 3.5
Panarottis	**5.0 : 4.0**	3.0 : 1.0	3.0 : 1.0	3.5 : 1.5	4.0 : 2.0	4.0 : 2.5	4.0 : 2.5
John Dory's	**5.0 : 4.0**	3.0 : 1.0	3.0 : 1.0	3.5 : 1.5	3.5 : 2.0	4.0 : 2.5	4.0 : 3.0
RocoMamas[$]	**5.0 : 2.0**	3.0 : 1.0	3.5 : 1.5	4.5 : 1.5	4.5 : 1.5	5.0 : 2.0	5.0 : 2.0
Speciality brands							
The Hussar Grill	**5.0 : 2.0**	3.0 : 1.0	3.0 : 1.0	3.5 : 1.5	4.5 : 1.5	4.5 : 1.5	4.5 : 1.5
Casa Bella	**4.0 : 1.0**	3.0 : 1.0	3.0 : 1.0	3.5 : 1.0	4.0 : 1.0	4.0 : 1.0	4.0 : 1.0
Nikos	**5.0 : 2.0**	3.0 : 1.0	3.0 : 1.0	3.5 : 2.0	3.5 : 2.0	4.0 : 2.0	4.0 : 2.0

% FF:MF	Standard	Jan 2021	Feb 2021	Mar – June 2021[%]	July 2021[&]	Aug 2021 – June 2022[%]
Spur[$]	**5.0 : 4.0**	3.5 : 2.5	4.0 : 3.0		**3.0 : 1.0**	
Panarottis	**5.0 : 4.0**	3.5 : 2.5	3.5 : 2.5		**3.0 : 1.0**	
John Dory's	**5.0 : 4.0**	3.5 : 2.5	3.5 : 2.5		**3.0 : 1.0**	
RocoMamas[$]	**5.0 : 2.0**	4.5 : 1.5	5.0 : 2.0		**3.0 : 1.0**	
Speciality brands						
The Hussar Grill	**5.0 : 2.0**	4.5 : 1.5	4.5 : 1.5		**3.0 : 1.0**	
Casa Bella	**4.0 : 1.0**	2.0 : 1.0	2.0 : 1.0		**3.0 : 1.0**	
Nikos	**5.0 : 2.0**	3.0 : 1.5	3.0 : 1.5		**3.0 : 1.0**	

[$] *Refers only to the main brand variant of each segment; the smaller brand variants are not material.*
[%] *Standard fees were reinstated for these periods.*
[&] *July 2021 base fees were reduced in response to the prohibition of sit-down trade for the month of July 2021.*

Group revenue increased by 32.5% to R2 391.2 million (2021: R1 804.9 million).

Group profit before income tax increased by 41.9% to R209.7 million (2021: R147.8 million).

Profit before income tax in the South African operations includes a marketing fund surplus of R2.4 million (2021: R23.2 million).

In the international operations, profit before income tax increased to R12.2 million (2021: R5.4 million) with reduced losses in Australia and improved trading in the rest of Africa.

The most material single once-off item in the current year is a charge against earnings of R22.0 million, previously paid to the South African Revenue Service as reported on SENS on 18 October 2021. Of this charge, R14.0 million is reflected as an income tax expense and R8.0 million as an interest expense.

The prior year includes an amount of R14.8 million in COVID-19 business interruption insurance claims due to the retail company stores, with the proceeds received in the first half of the current financial year.

The prior year was also impacted by costs of R3.9 million related to a voluntary retrenchment programme as well as the present value of a once-off employee benefit liability of R8.5 million.

Headline earnings increased by 31.0% to R121.1 million, with diluted headline earnings per share 30.9% higher at 143.68 cents.

Earnings increased by 31.0% to R121.2 million, with diluted earnings per share 30.9% higher at 143.80 cents.

SHARE CAPITAL

The number of authorised shares has remained at 201 000 000 ordinary shares of 0.001 cents each, for the year ended 30 June 2022.

During the current year, a wholly-owned subsidiary of the company, Share Buy-back (Pty) Ltd, acquired 1 475 000 Spur Corporation Ltd shares at an average cost of R20.16 per share, totalling R29.734 million. During the prior year, a wholly-owned subsidiary of the company, Spur Group (Pty) Ltd, acquired 231 787 shares from The Spur Management Share Trust (a consolidated structured entity) to be held in escrow on behalf of participants of the Spur Group Forfeitable Share Plan (FSP) (refer note 24.4) while, during the current year, 183 200 shares were issued to participants of the FSP in November 2021 as the November 2018 tranche of FSP shares awarded vested during the year.

At the reporting date, the group owned 1 887 387 (2021: 595 587) treasury shares, held by Share Buy-back (Pty) Ltd and Spur Group (Pty) Ltd. In addition 5 933 111 (2021: 5 933 111) shares are held by The Spur Management Share Trust and 500 000 (2021: 500 000) by The Spur Foundation Trust. The Spur Management Share Trust and The Spur Foundation Trust are special purpose entities that are required to be consolidated by the group for financial reporting purposes only. Consequently, the net number of shares in issue at 30 June 2022 was 82 676 434 (2021: 83 968 234).

EMPLOYEE SHARE-LINKED INCENTIVE SCHEMES

Details of employee share-linked incentive schemes are detailed in note 24.4 of the consolidated financial statements.

INTEREST IN SUBSIDIARY COMPANIES

Details of the share capital and the company's interests in the subsidiary companies are included in note 5 of the consolidated financial statements.

CASH DIVIDEND

No dividend was declared in respect of the 2021 financial year as a result of liquidity risks arising from the impact of the COVID-19 pandemic on the group. The interim 2020 dividend of R70.978 million was declared on 26 February 2020 and was due to be paid on 6 April 2020. Following the outbreak of COVID-19 and the potential impact of long-term trading restrictions on the group's cash reserves, the board resolved, in compliance with the Companies Act and the directors' fiduciary duties, to defer the payment of the dividend until future cash flows could be predicted with a greater confidence level. At its meeting on 22 September 2021, the board resolved to proceed with the payment of the interim 2020 dividend on 25 October 2021.

At its meeting on 22 February 2022, the board of directors declared an interim dividend for the 2022 financial year of 49 cents per share. At its meeting on 18 August 2022, the board of directors has approved a final dividend of 78 cents per share (the equivalent of R70.954 million) in respect of the 2022 financial year, funded by income reserves, to be paid in cash on 19 September 2022. The dividend is subject to the applicable tax levied in terms of the Income Tax Act (Act No. 58 of 1962, as amended) (dividend withholding tax) of 20%. The net dividend is therefore 62.4 cents per share for shareholders liable to pay dividend withholding tax.

SPECIAL RESOLUTIONS

On 10 December 2021, at the company's annual general meeting (AGM), a special resolution was passed in terms of which the directors were granted the authority to contract the company, or one of its wholly-owned subsidiaries, to acquire shares in the company issued by it, should the company comply with the relevant statutes and authorities applicable thereto. At the same meeting, special resolutions were passed in terms of which the directors were granted the authority to cause the company to provide financial assistance to any entity which is related or inter-related to the company, and to remunerate non-executive directors for their services as directors.

Full details of the special resolutions passed will be made available to shareholders on request.

DIRECTORS AND SECRETARY

Details of the directors as at the date of this report, together with the name, business and postal address of the company secretary, are set out on the inside back cover of this report.

At the AGM of 10 December 2021, shareholders approved the appointments of Ms Val Nichas and Ms Cristina Teixeira, as executive directors, to the board with effect from 1 January 2021 and 1 February 2021 respectively. Shareholders also confirmed the re-election of Mr André Parker, Ms Lerato Molebatsi and Mr Sandile Phillip, who retired by rotation at the AGM in accordance with the company's Memorandum of Incorporation (MOI), to the board.

Mr Sacha du Plessis (group chief marketing officer) resigned as director of the company with effect from 15 September 2021.

At its meeting on 18 August 2022, the board appointed Dr Shirley Zinn to succeed Ms Cora Fernandez as lead independent director with effect from 18 August 2022. Ms Fernandez served as lead independent director for two years. Dr Zinn's appointment as lead independent director is for a period of one year (subject to reappointment) in terms of the company's *lead independent director charter*.

In terms of the company's MOI, Mr Mike Bosman, Ms Cora Fernandez, Dr Shirley Zinn and Ms Jesmane Boggenpoel retire at the forthcoming AGM and, being eligible, offer themselves for re-election. Resolutions to this effect will be tabled at the AGM of 9 December 2022.

Service agreements with the directors of the company at the date hereof do not impose any abnormal notice periods on the company or the directors in question.

The board has considered, and is satisfied, that Mr Donfrey Meyer has the necessary competence, qualifications and experience to adequately fulfil the role of company secretary.

DIRECTORS' INTERESTS

No contracts in which the directors or officers of the company or group had an interest and that significantly affected the affairs or business of the company or any of its subsidiaries were entered into during the year, save for those disclosed in note 43 of the consolidated financial statements.

Shares

Details of directors' interests in the ordinary shares as at the reporting date are as follows:

	2022			2021		
	Direct beneficial	**Indirect beneficial**	**Held by associates**	Direct beneficial	Indirect beneficial	Held by associates
Kevin Robertson[1]	**10 700**	**–**	**–**	15 350[3]	–	–
Sacha du Plessis[1,2]	**–**	**–**	**–**	10 000[4]	–	–
Total	**10 700**	**–**	**–**	25 350	–	–
% interest*	**0.0**	**–**	**–**	0.0	–	–

[1] *Appointed with effect from 15 October 2020.*
[2] *Resigned with effect from 15 September 2021.*
[3] *Of these shares, 10 000 shares were subject to a holding period which expired on 1 April 2022; during the holding period, the shares could not be freely traded.*
[4] *Of these shares, 5 000 shares were subject to a holding period which expired on 1 April 2022; during the holding period, the shares could not be freely traded.*
* *These percentages are based on shares in issue less shares repurchased by subsidiary companies, Share Buy-back (Pty) Ltd and Spur Group (Pty) Ltd.*

In addition to the above shares, pursuant to the group's long-term FSP (as detailed in note 24.4 of the consolidated financial statements), certain shares have been acquired by a wholly-owned subsidiary to hold in escrow on behalf of the participants of the scheme but had not vested at the reporting date as detailed in the table below. During the vesting period of three years from grant date, the participants are not permitted to trade in these shares, to exercise any voting rights attached to these shares, or entitled to any dividends accruing to these shares and accordingly have no beneficial rights of ownership. The participants become entitled to voting and dividend rights only after the initial three-year vesting period, provided they remain employed by the group throughout the period.

	2022	2021
Kevin Robertson[1]	**5 000**	5 000
Sacha du Plessis[1, 2]	**–**	9 000

[1] *Appointed with effect from 15 October 2020.*
[2] *Resigned with effect from 15 September 2021; upon his resignation, Mr Du Plessis forfeited his right to any share awards that had not yet vested.*

There have been no changes in directors' interests in share capital from 30 June 2022 to the date of issue of this report.

SHAREHOLDERS' INTEREST IN SHARES

Major shareholders

The following are shareholders (excluding directors and consolidated structured entities) holding 3% or more of the company's issued share capital at 30 June 2022:

	No. of shares	**%***
Coronation Fund Managers	**16 182 009**	**18.2**
Allan Gray	**8 996 128**	**10.1**
Foord Asset Management	**6 649 557**	**7.5**
Aylett & Co	**4 787 620**	**5.4**
Goldman Sachs (Custodian)	**3 000 000**	**3.4**

* *These percentages are based on shares in issue less shares repurchased by subsidiary companies, Share Buy-back (Pty) Ltd and Spur Group (Pty) Ltd.*

Public/non-public shareholders

An analysis of public and non-public shareholders is presented below:

	No. of shareholders	No. of shares	%
Non-public shareholders			
Directors and associates	1	10 700	–
Subsidiaries holding treasury shares	2	1 887 387	2.1
The Spur Foundation Trust	1	500 000	0.5
The Spur Management Share Trust	1	5 933 111	6.5
Major shareholder	1	16 182 009	17.8
Public shareholders	11 931	66 483 725	73.1
Total	11 937	90 996 932	100.0

Analysis of shareholding

An analysis of the spread of shareholding is presented below:

Shareholder spread	No. of shareholders	%	No. of shares	%
1 – 10 000 shares	11 509	96.4	4 097 593	4.5
10 001 – 25 000 shares	171	1.4	2 801 351	3.1
25 001 – 50 000 shares	87	0.7	3 072 987	3.4
50 001 – 100 000 shares	55	0.5	3 976 088	4.4
100 001 – 500 000 shares	85	0.7	19 394 276	21.3
500 001 – 1 000 000 shares	12	0.1	9 187 279	10.1
1 000 001 shares and over	18	0.2	48 467 358	53.2
Total	11 937	100.0	90 996 932	100.0

Distribution of shareholders	No. of shareholders	%	No. of shares	%
Banks/brokers	45	0.4	5 579 687	6.1
Endowment funds	26	0.2	634 152	0.7
Individuals	11 015	92.2	4 895 598	5.4
Insurance companies	26	0.2	2 171 151	2.4
Medical funds	7	0.1	501 770	0.6
Mutual funds	108	0.9	51 199 201	56.2
Pension and retirement funds	197	1.7	12 086 356	13.3
Own holdings	2	–	1 887 387	2.1
The Spur Management Share Trust	1	–	5 933 111	6.5
The Spur Foundation Trust	1	–	500 000	0.5
Other corporate bodies	509	4.3	5 608 519	6.2
Total	11 937	100.0	90 996 932	100.0

BORROWINGS

In terms of the MOI of the company and its main local operating entity, Spur Group (Pty) Ltd, the borrowing powers of the directors of these companies are unlimited. The group has no formal borrowings as at 30 June 2022.

GOING CONCERN

The financial statements have been prepared on the going concern basis.

The board has performed a review of the company and group's ability to continue trading as going concerns in the foreseeable future and, based on this review, considers that the presentation of the financial statements on this basis is appropriate. Further details are included in note 2 of the consolidated financial statements.

There are no pending or threatened legal or arbitration proceedings which have had or may have a material effect on the financial position of the company or group, save for those disclosed in note 45 of the consolidated financial statements.

SUBSEQUENT EVENTS

Details of material events occurring subsequent to 30 June 2022 but prior to the date of issue of this report are detailed in note 44 of the consolidated financial statements. Save for these matters, there have been no material changes in the financial or trading position of the company or group after 30 June 2022 to the date of this report.

COMPLIANCE WITH APPLICABLE LAWS

The board confirms that the company has complied with the provisions of the Companies Act relating to the company's incorporation and that the company is operating in conformity with its Memorandum of Incorporation.

COMPANY INFORMATION

The company's registration number and registered address are presented on the inside back cover of this report.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SPUR CORPORATION LTD

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Spur Corporation Ltd (the Company) and its subsidiaries (together the Group) as at 30 June 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

What we have audited

Spur Corporation Ltd's consolidated and separate financial statements set out on pages 19 to 121 comprise:

– the consolidated and separate statements of financial position as at 30 June 2022;
– the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
– the consolidated and separate statements of changes in equity for the year then ended;
– the consolidated and separate statements of cash flows for the year then ended; and
– the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for Opinion

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

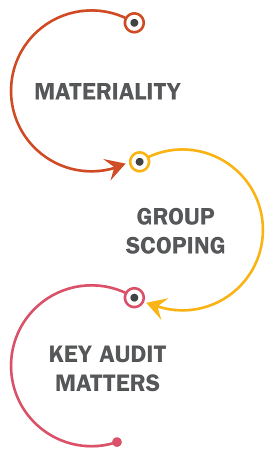
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the 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)*.

Our audit approach

Overview



Overall group materiality – Overall group materiality: R10 483 000 which represents 5% of consolidated profit before income tax.
Group audit scope – A combination of full scope audits and specified audit procedures were performed for components that were considered to be financially significant and components scoped in based on indicators such as their contribution to consolidated assets, consolidated revenue and consolidated profit before tax. Analytical review procedures were performed over the remaining components that were considered to be insignificant.
Key audit matters – Impairment assessment of goodwill and intangible assets with indefinite useful lives; and – Accounting for sales of franchisee supplies by outsourced distributor.

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

Materiality

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

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

Overall group materiality	R10 483 000
How we determined it	5% of consolidated profit before income tax.
Rationale for the materiality benchmark applied	We chose consolidated profit before income tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

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

The consolidated financial statements are a consolidation of the Company and its thirty three subsidiaries (directly and indirectly held, and which represent trading entities, marketing entities, dormant entities, a property company and two trusts) (each considered a 'component' for purposes of our group audit scope). The Group's main operating subsidiary is Spur Group Proprietary Limited. Full scope audits were performed on all financially significant components based on their contribution to consolidated profit before tax. Specified audit procedures were performed over those components that were not considered to be financially significant but contributed significantly to consolidated assets, consolidated revenue or consolidated profit before tax of the Group. Analytical review procedures were performed over the remaining components that were considered to be insignificant. We also performed procedures in respect of the consolidation process, in order to gain sufficient evidence over the consolidated financial statements.

In establishing the overall approach to the group audit, we determined the extent of the work that needed to be performed by us, as the group engagement team, and other component auditors from other PwC network firms, operating under our instruction, in order to issue our audit opinion on the consolidated financial statements of the Group. Where the work was performed by component auditors, we determined the level of involvement necessary in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole.

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 in respect of the separate financial statements to communicate in our report.

Key audit matter	*How our audit addressed the key audit matter*
Impairment assessment of goodwill and intangible assets with indefinite useful lives **This key audit matter relates to the consolidated financial statements.** Refer to the following notes to the consolidated financial statements for disclosures relating to this key audit matter: – Note 3.2.3: Accounting estimates and judgements – Impairment of non-financial assets; – Note 15: Intangible assets and goodwill; – Note 46.5: Significant accounting policies – Intangibles assets (other than goodwill); and – Note 46.7.1: Significant accounting policies – Non-financial assets. As at 30 June 2022 the Group recognised goodwill with a carrying value of R 71.1 million, which arose from business combinations undertaken in prior years and due to the nature of the business, the Group has also recognised intangible assets with indefinite useful lives relating to trademarks and intellectual property with a carrying value of R288.9 million. International Accounting Standards (IAS) 36 – Impairment of Assets requires management to conduct an annual impairment test, or more frequently if there is an indication of impairment, to assess the recoverability of carrying value of goodwill and the indefinite life intangible assets. The Group performs an impairment test on intangible assets with indefinite useful lives and goodwill at every reporting date, irrespective of whether an indication of impairment exists. The recoverable amounts of the cash-generating units (CGUs) to which trademarks and intellectual property and goodwill have been allocated have been determined based on their value-in-use. Given the nature of the franchise and retail restaurant business, it is submitted that the fair value less costs to sell of the cash-generating units are unlikely to differ significantly from their values-in-use. No impairment was recognised. The key assumptions applied by management in their value-in-use calculation are disclosed in note 15.3 to the consolidated financial statements. The impairment assessment of goodwill and intangible assets with indefinite useful lives was considered to be a matter of most significance to the current year audit due to the following: – significant judgement and estimation applied by management in determining the value-in-use of each CGU or group of CGUs; and – the magnitude of the carrying amounts of intangible assets with indefinite useful lives and goodwill in relation to the consolidated financial statements.	Our audit addressed this key audit matter as follows: We obtained management's value-in-use calculation per CGU which formed the basis of our audit work. With regard to management's value-in-use calculations, our audit procedures included an assessment of the reasonableness of management's key assumptions by performing the following procedures: – We assessed the reasonableness of the budgeting process applied by management, by comparing the current year actual results for the 2022 financial year to the budgeted amounts and compared the actual results for July 2023 to the budgeted amount for July 2023. We found management's cash flow forecasts to be within an acceptable range consistent with the historical actual results. – We tested the mathematical accuracy of the value-in-use calculations and found no material exceptions. – We assessed the reasonableness of the cash outflows used in the discounted cash flow analysis through discussions with management to understand the basis for the assumptions used in respect of the cash outflows and corroborated their explanations against historic performance as well as the other strategic initiatives implemented by management. We assessed the cash outflows to be reasonable. – We utilised our valuations experts to independently calculate a discount rate taking into account independently obtained data. This was compared to the discount rate used by management. We further applied these independently sourced calculated inputs to management's forecasts and compared the recoverable amount of each CGU to the results of our independent calculations. We found management's valuation to be within an acceptable range. – We utilised our valuations experts to assess the reasonableness of the terminal growth rates by comparing the terminal growth rates to long term growth rates obtained from independent sources. The growth rates used by management were assessed as reasonable. – We tested the mathematical accuracy of the discounted cash flow model and made use of our valuations expertise to assess the discounted cash flow model's compliance with the market practice and applicable requirements of IAS 36. We did not note any aspects which required further consideration. – We assessed the reasonableness of the discount rates, long-term growth rates and forecasted cash flows by performing a sensitivity analysis to determine the impact that any changes in discount rates, long-term growth rates and forecast cash flows would have on the discounted cash flow analysis and the resultant recoverable amount. We compared the results of our sensitivity analysis to management's results in order to identify those CGUs considered sensitive to a change in assumptions for disclosure purposes. We did not note any aspects requiring further consideration.

Key audit matter	***How our audit addressed the key audit matter***
Accounting for sales of franchisee supplies by outsourced distributor **This key audit matter relates to the consolidated financial statements.** Refer to the following notes to the consolidated financial statements for disclosures relating to this key audit matter: – Note 3.1.4: Accounting estimates and judgements – Sales of franchisee supplies by outsourced distributor; – Note 4.1: Prior period restatements: IFRS 15 – Revenue from Contracts with Customers – Sales by outsourced distributor – Note 7: Revenue; and – Note 46.13: Significant accounting policies – Revenue. The Group utilises an outsourced distributor to procure products from suppliers, warehouse these products and sell and deliver these products to the Group's franchisees. The Group earns a margin on the sales by the distributor that is determined in consultation between the distributor and the Group. This margin is sufficient to provide the distributor with its required profit margin, and the remaining margin is then paid to the Group as a commission. The Group has applied the requirements of IFRS 15 – *Revenue from Contracts with Customers* (IFRS 15) to account for the recognition of the commission received from this commercial relationship. In applying the requirements of IFRS 15, the Group has applied judgement in considering whether it acts as a principal or agent. The factors taken into account in making this assessment have been disclosed in note 3.1.4 to the consolidated financial statements. In the current year the Group has reconsidered its previous assessment and concluded that the Group is a principal as opposed to an agent. In making this assessment, the Group considered whether it obtains control of the inventory in question before the inventory is sold to customers, which included assessing whether the group is exposed to significant risks and rewards of ownership prior to delivery to franchisees. We considered the accounting for sales of franchisee supplies by the outsourced distributor to be a matter of most significance to our current year audit due to the: – judgement applied by management in determining whether the Group acts as a principal or agent for purposes of recognising revenue from its commercial relationship with its outsourced distributor; and – the magnitude of the adjustments processed to the consolidated financial statements to account for the correction of error relating to the change from principal to agent in accordance with International Accounting Standard (IAS) 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8).	Our audit addressed this key audit matter as follows: For a sample of transactions relating to the outsourced distributor we performed an independent assessment of whether the Group is the agent or principal, with reference to the indicators of control outlined in application guidance set out in Appendix B of IFRS 15, by performing the following procedures: – We held discussions with management and the related operational staff in order to obtain an understanding of the end-to-end business process with regards to the sales by the outsourced distributor to determine if the Group is acting as a principle or agent. Based on judgement applied we assessed the Group to be acting as a principle. – We inspected the underlying contract between the Group and the outsourced distributor to identify the performance obligations associated with the contract with the customer and assessed if the Group obtains control of the goods before providing them to the end customer and determined the Group as the principal as the Group controls the goods and process in relation to the performance obligations. – We attended the stock count for the Group's stock at the outsourced distributor on 25 June 2022 and reconciled our sample count results to management's actual count results. We did not note any material differences. – We obtained management's rollforward of stock counted as at 25 June 2022 to 30 June 2022 and tested a sample of the transactions in the intervening period to supporting documentation and no material differences were noted. – We received a confirmation from the outsourced distributor for the Group's stock held at 30 June 2021 and no material differences were noted. – We tested a sample of the purchases and revenue transactions for the 30 June 2021 and 30 June 2022 years to supporting documentation. We assessed the appropriateness of management's calculations, workings and support regarding the adjustments to account for the correction of error. We tested the calculations for mathematical accuracy and assessed all corrections and disclosures as reasonable. Based on our procedures performed, we did not identify any matters in this regard requiring further consideration or material differences. We assessed the adequacy of the disclosures made in the consolidated financial statements pertaining to the agent vs principal considerations, with reference to the requirements of IFRS 15 and IAS 8.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "*Spur Corp. Annual Financial Statements Twenty 22*", which includes the Directors' Report, the Audit Committee Report and the Declaration by Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the document titled "*Spur Corp. Integrated Annual Report 2022*",which is expected to be made available to us after that date. The other information does not include the consolidated or the 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 identified above 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 that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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 PricewaterhouseCoopers Inc. has been the auditor of Spur Corporation Ltd for 1 year.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Anton Hugo
Registered Auditor
Cape Town, South Africa
18 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

	Note	2022 R'000	Restated 2021* R'000	% Change
Revenue	7	**2 391 192**	1 804 945	32.5
Cost of sales		**(1 695 194)**	(1 289 374)	31.5
Gross profit		**695 998**	515 571	35.0
Other income	8	**3 958**	27 071	(85.4)
Administration expenses		**(183 430)**	(155 540)	17.9
Impairment (losses)/reversal - expected and actual credit losses - financial instruments and lease receivable	9	**(2 957)**	2 523	(217.2)
Marketing expenses		**(175 111)**	(120 130)	45.8
Operations expenses		**(95 123)**	(93 189)	2.1
Other non-trading losses	9	**(2 525)**	(7 677)	(67.1)
Retail company store expenses		**(31 889)**	(24 335)	31.0
Operating profit before net finance income	9	**208 921**	144 294	44.8
Net finance income	10	**747**	3 508	(78.7)
Interest income		**13 325**	8 273	
Interest expense		**(12 578)**	(4 765)	
Profit before income tax		**209 668**	147 802	41.9
Income tax expense	11	**(81 328)**	(48 557)	67.5
Profit		**128 340**	99 245	29.3
Other comprehensive income#		**(1 146)**	14	
Foreign currency translation differences for foreign operations		**(1 256)**	(80)	
Foreign exchange gain on net investments in foreign operations		**135**	115	
Current tax on foreign exchange gain on net investments in foreign subsidiaries		**(25)**	(21)	
Total comprehensive income		**127 194**	99 259	28.1
Profit attributable to:				
Equity owners of the company		**121 235**	92 568	31.0
Non-controlling interests		**7 105**	6 677	
Profit		**128 340**	99 245	29.3
Total comprehensive income attributable to:				
Equity owners of the company		**120 089**	92 582	29.7
Non-controlling interests		**7 105**	6 677	
Total comprehensive income		**127 194**	99 259	28.1
Earnings per share (cents)				
Basic earnings	12	**144.33**	110.24	30.9
Diluted earnings	12	**143.80**	109.87	30.9

* *Refer note 4.*

\# *All items included in other comprehensive income are items that are, or may be, reclassified to profit or loss.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE

R'000	Note	2022	Restated 2021*	Restated 2020*
ASSETS				
Non-current assets		**489 339**	500 311	518 466
Property, plant and equipment	13	**92 516**	93 957	102 182
Right-of-use assets	14	**27 555**	36 002	41 921
Intangible assets and goodwill	15	**364 300**	365 402	365 253
Loans receivable	16	**350**	962	2 929
Deferred tax	18	**4 618**	3 988	6 181
Current assets		**558 637**	473 515	350 879
Inventories	19	**97 692**	76 095	84 587
Tax receivable	20	**2 325**	25 168	28 073
Trade and other receivables	21	**101 352**	93 978	55 619
Loans receivable	16	**597**	1 359	4 022
Contingent consideration receivable	22	**1 594**	4 047	4 555
Restricted cash	23	**64 381**	11 998	8 671
Cash and cash equivalents	23	**290 696**	260 870	165 352
TOTAL ASSETS		**1 047 976**	973 826	869 345
EQUITY				
Total equity		**686 017**	631 035	531 991
Ordinary share capital	24.1	**1**	1	1
Share premium		**34 309**	34 309	34 309
Shares repurchased by subsidiaries	24.2	**(44 852)**	(15 118)	(15 118)
Foreign currency translation reserve	24.3	**27 880**	29 026	29 012
Share-based payments reserve	24.4	**8 248**	4 751	3 473
Retained earnings		**647 720**	564 752	471 877
Total equity attributable to owners of the company		**673 306**	617 721	523 554
Non-controlling interests	25	**12 711**	13 314	8 437
LIABILITIES				
Non-current liabilities		**92 187**	116 051	127 566
Contingent consideration liability		**–**	–	1 589
Employee benefits	26	**–**	2 304	–
Contract liabilities	27	**23 458**	24 771	29 342
Lease liabilities	28	**26 039**	33 690	39 740
Deferred tax	18	**42 690**	55 286	56 895
Current liabilities		**269 772**	226 740	209 788
Tax payable	29	**11 424**	6 772	2 229
Trade and other payables	30	**184 847**	126 257	119 281
Loans payable	31	**196**	196	196
Provision for lease obligation	32	**7 514**	7 175	–
Employee benefits	26	**–**	4 300	–
Contract liabilities	27	**56 226**	8 269	8 617
Lease liabilities	28	**8 679**	7 514	13 208
Shareholders for dividend	33	**886**	66 257	66 257
TOTAL EQUITY AND LIABILITIES		**1 047 976**	973 826	869 345

* *Refer note 4.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE

		Attributable to owners of the company			Attributable to owners of the company					
R'000	Note	**Ordinary share capital**	**Share premium**	**Shares repurchased by subsidiaries**	**Foreign currency translation reserve**	**Share-based payments reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 July 2020 as previously reported		**1**	**34 309**	**(15 118)**	**29 012**	**3 473**	**475 501**	**527 178**	**8 437**	**535 615**
Prior period restatements	4	–	–	–	–	–	(3 624)	(3 624)	–	(3 624)
Restated balance at 1 July 2020*		**1**	**34 309**	**(15 118)**	**29 012**	**3 473**	**471 877**	**523 554**	**8 437**	**531 991**
Total comprehensive income		**–**	**–**	**–**	**14**	**–**	**92 568**	**92 582**	**6 677**	**99 259**
Restated profit*		**–**	**–**	**–**	**–**	**–**	**92 568**	**92 568**	**6 677**	**99 245**
Other comprehensive income		**–**	**–**	**–**	**14**	**–**	**–**	**14**	**–**	**14**
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners		**–**	**–**	**–**	**–**	**1 278**	**307**	**1 585**	**(1 800)**	**(215)**
Equity-settled share-based payment	24.4 & 11.5	–	–	–	–	1 278	307	1 585	–	1 585
Dividends	33	–	–	–	–	–	–	–	(1 800)	(1 800)
Restated balance at 30 June 2021*		**1**	**34 309**	**(15 118)**	**29 026**	**4 751**	**564 752**	**617 721**	**13 314**	**631 035**
Total comprehensive income		**–**	**–**	**–**	**(1 146)**	**–**	**121 235**	**120 089**	**7 105**	**127 194**
Profit		**–**	**–**	**–**	**–**	**–**	**121 235**	**121 235**	**7 105**	**128 340**
Other comprehensive income		**–**	**–**	**–**	**(1 146)**	**–**	**–**	**(1 146)**	**–**	**(1 146)**
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners		**–**	**–**	**(29 734)**	**–**	**3 497**	**(38 267)**	**(64 504)**	**(7 708)**	**(72 212)**
Equity-settled share-based payment	24.4 & 11.5	–	–	–	–	6 309	155	6 464	–	6 464
Transfer within equity on vesting of equity-settled share-based payment	24.4	–	–	–	–	(2 812)	2 812	–	–	–
Purchase of treasury shares	24.2	–	–	(29 734)	–	–	–	(29 734)	–	(29 734)
Dividends	33	–	–	–	–	–	(41 234)	(41 234)	(7 708)	(48 942)
Balance at 30 June 2022		**1**	**34 309**	**(44 852)**	**27 880**	**8 248**	**647 720**	**673 306**	**12 711**	**686 017**

* *Refer note 4.*

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE

	Note	2022 R'000	Restated 2021* R'000
Cash flow from operating activities			
Operating profit before working capital changes	34	**305 159**	175 195
Working capital changes	35	**856**	(30 164)
Cash generated from operations		**306 015**	145 031
Interest income received	36	**12 930**	7 561
Interest expense paid	37	**(4 044)**	(4 117)
Tax paid	38	**(75 768)**	(41 071)
Dividends paid	39	**(113 509)**	(1 800)
Net cash flow from operating activities		**125 624**	105 604
Cash flow from investing activities			
Additions of intangible assets	15	**(48)**	(1 119)
Additions of property, plant and equipment	13	**(7 997)**	(1 935)
Proceeds from disposal of property, plant and equipment	40	**353**	131
Repayment of loans receivable	16	**2 268**	3 307
Net cash flow from investing activities		**(5 424)**	384
Cash flow from financing activities			
Acquisition of treasury shares	24.2	**(29 734)**	–
Payment of lease liabilities	28	**(8 348)**	(7 088)
Net cash flow from financing activities		**(38 082)**	(7 088)
Net movement in cash and cash equivalents		**82 118**	98 900
Effect of foreign exchange fluctuations		**91**	(55)
Net cash and cash equivalents at beginning of year	23	**272 868**	174 023
Net cash and cash equivalents at end of year	23	**355 077**	272 868

* *Refer note 4.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE

1. ABOUT THESE FINANCIAL STATEMENTS

1.1 REPORTING ENTITY

Spur Corporation Limited (the company) is a company domiciled in South Africa. The consolidated financial statements of the company as at and for the year ended 30 June 2022 comprise the company, its subsidiaries and consolidated structured entities, together referred to as the group.

Where reference is made to the group in the accounting policies, it should be interpreted as referring to the company where the context requires, unless otherwise stated.

1.2 BASIS OF ACCOUNTING

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act of South Africa (Act no. 71 of 2008, as amended).

Details of the group's accounting policies are set out in note 46 and have been applied consistently, in all material respects, to all years presented in these consolidated and separate financial statements. Corrections of prior period errors have been applied retrospectively and all years presented have been restated (refer note 4).

The financial statements were prepared under the supervision of the group chief financial officer, Cristina Teixeira CA(SA), and authorised for issue by the directors on Thursday, 18 August 2022. The financial statements were published on Friday, 19 August 2022.

The financial statements are presented in South African rands, which is the company's functional currency and the group's presentation currency, rounded to the nearest thousand, unless otherwise stated. They are prepared on the going concern basis.

The financial statements have been prepared on the historical cost basis except in the case of the contingent consideration receivable measured at fair value (refer note 22).

2. IMPACT OF COVID-19 AND GOING CONCERN

The first positive case of the COVID-19 virus in South Africa was reported on 5 March 2020. In an attempt to curb the spread of the virus, the South African government imposed various trading restrictions (which impacted on restaurant businesses) in South Africa from 27 March 2020 until 22 June 2022. A general correlation existed between economic activity and the severity of the lockdown restrictions that were in place at any point in time, and the commensurate level of trading within the group's franchise network. The trading restrictions had a severe impact on the South African economy and, relevant to the group's performance, employment, discretionary income, consumer confidence and the ability of the group's regular customer base to frequent restaurants. This had a direct impact on the group's independently owned franchises and, as a consequence, the group's business and financial performance.

2. IMPACT OF COVID-19 AND GOING CONCERN continued

A timeline of trading restrictions imposed on the restaurant industry in South Africa is listed below:

27 March 2020 to 30 April 2020 (first wave)	– Complete prohibition on trading
1 May 2020 to 31 May 2020	– Trading for delivery business only
1 June 2020 to 28 June 2020	– Trading for delivery and collection business only
29 June 2020	– Sit-down trade recommenced, subject to strict social distancing protocols (including capacity limitations)
18 August 2020	– Resumption of alcohol sales in restaurants permitted
20 September 2020 to 28 December 2020	– Lockdown level reduced to level 1; restaurants still subject to social distancing protocols
29 December 2020 to 31 January 2021 (second wave)	– Lockdown level 3 re-imposed; sale of alcohol prohibited; capacity restricted to lower of 50% capacity or 50 people; beaches closed in designated hot spots; trading time limited to 20:00
1 February 2021	– Trading time extended to 22:00; resumption of alcohol sales permitted
1 March 2021	– Lockdown level reduced to level 1; trading time extended to 23:00; capacity restricted to 100 people, subject to social distancing protocols
15 June 2021	– Lockdown level 3 re-imposed; trading time limited to 21:00; capacity restricted to lower of 50% capacity or 50 people
28 June 2021 to 25 July 2021 (third wave)	– Lockdown level 4 re-imposed; sit-down trade prohibited; trading time limited to 20:00
26 July 2021	– Lockdown level reduced to level 3; sit-down trade permitted subject to capacity restrictions (lower of 50% capacity or 50 people); trading time extended to 21:00
13 September 2021	– Lockdown level reduced to level 2; capacity limited to 250 people observing social distancing requirements (or 50% of capacity if venue cannot accommodate 250 people); trading time extended to 22:00
1 October 2021	– Lockdown level reduced to level 1; trading time extended to 23:00; capacity limitations increased to lower of 50% of capacity or 750 people
31 December 2021	– Curfew scrapped; capacity limitations increased to lower of 50% of capacity or 1 000 people
5 April 2022	– State of disaster lifted, although capacity limitations as before still in place
22 June 2022	– Remaining regulations repealed; no trading restrictions in place

2. IMPACT OF COVID-19 AND GOING CONCERN continued

2.1 The impact on the group

The group discounted its franchise and marketing fund contribution fee structures for certain periods in response to the various lockdown levels in an effort to assist franchisees' cash flow.

The combined impact of changes in restaurant sales and the temporarily revised franchise and marketing fund contribution fee rates has resulted in a 'multiplier effect' on the group's revenue (franchise and marketing fund contribution fee revenue).

Most of the group's revenue is either directly or indirectly linked to restaurant sales. The group has therefore seen commensurate changes in revenue earned on the sales of sauces and peripheral supplies through its manufacturing division, as well as sales of restaurant supplies through the group's outsourced distributor, as franchised restaurant sales have been affected by changes in the trading restrictions imposed.

As a franchise business, most of the group's franchise-related overhead costs are employment-related costs. These are not directly variable in the short term. As part of the group's austerity measures, the group:

– reduced the standard workweek of all employees to four days (or 30 hours) and reduced salaries commensurately across the board by 20%* with effect from 1 June 2020 to 30 September 2020 (i.e. for three month in the prior year). Fees paid to non-executive directors were similarly reduced;
– implemented a voluntary retrenchment programme locally during the prior year: 15 employees accepted the voluntary retrenchment offer which comprised a severance payment of two weeks' salary for each completed year of service. A further post was made redundant in the Australian operations. The aggregate cost of the retrenchments in the prior financial year was R3.9 million; and
– suspended its short-term profit share and thirteenth cheque bonus schemes in June 2020. The board subsequently authorised an *ex gratia* payment of a half month's salary to all employees in December 2020, the cost of which is included in the previous financial year. No short-term profit share incentives were payable for the 2021 financial year, although an accrual was made in the 2021 financial year for a half month's thirteenth cheque. The board subsequently authorised an *ex gratia* payment pool equivalent to a full month's salary bill which was allocated and paid to all employees in the current financial year, based on individual performance, which has been expensed in the current financial year (net of the reversal of the accrual raised in the prior year). A new short-term incentive scheme was implemented in respect of the 2022 financial year.

All other discretionary costs were reduced to the extent possible, without having a negative impact on the group's operations. Certain suspended projects recommenced in the current year.

The group deferred payment of the interim 2020 dividend declared on 26 February 2020. This dividend was settled on 25 October 2021.

The group's retail company stores were also impacted by the trading restrictions and experienced a significant decline in profitability relative to pre-COVID-19 times. During the year, the group received business interruption insurance proceeds in the amount of R14.773 million as compensation for COVID-19-related loss of profits attributable to the group's retail company stores for the period from April 2020 to March 2021, which were accrued for in the 2021 financial year.

Following the hard lockdown in South Africa prior to July 2020, the group's recovery trajectory has trended positive over the past two years and, for the most part, restaurant turnovers have returned to pre-COVID-19 levels in nominal terms with Spur, RocoMamas and Speciality brands trading well over pre-COVID-19 turnovers in the last quarter of the 2022 financial year. Group revenue and profitability have followed suit.

2.2 The ability of the group to continue to meet current obligations for the 12 months following the date of this report

While the group consumed cash during the initial hard lockdown and the months up to September 2020, the group has been able to recover this lost cash and generate further cash, despite the impact of the second, third and fourth waves of the pandemic. This has demonstrated the relative resilience of the group.

The complete withdrawal of trading restrictions in South Africa on 22 June 2022 and the similar relaxation of restrictions internationally bode well for the group's continued recovery and future performance.

The board has assessed that the group's current cash resources will be sufficient to meet the group's financial obligations for a period of at least 12 months from the date of this report. In addition, the group remains ungeared with potential access to credit if necessary. On this basis, the board has concluded that it is satisfied that the group will continue to trade as a going concern for at least a period of 12 months from the date of this report, and the financial statements have therefore been prepared on this basis.

* *Applicable to employees earning more than R25 000 per month for June 2020 to August 2020 and to those employees earning more than R15 000 per month for September 2020.*

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated and separate financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements, assumptions and estimates made in applying the group's accounting policies that potentially have a significant effect on the amounts recognised in the financial statements are as follows:

3.1 Judgements

3.1.1 Accounting for marketing funds (notes 4.2, 7, 23 and 27.1)

The franchise agreements concluded between the group and its franchisees provide for the payment by franchisees to the group of an ongoing franchise fee and a marketing fund contribution. Both the franchise fee and the marketing fund contribution are determined as a percentage of the franchised restaurants' sales. The franchise fee is paid by the franchisee to the group for the franchise support services provided by the group in terms of the franchise agreement, and for the ongoing access to intellectual property required by the franchisee to operate the franchised restaurant. The marketing fund contributions paid by the franchisee to the group are required, in terms of the franchise agreements, to be accounted for by the group separately to its own funds, and must be used on marketing-related costs for the benefit of the respective bodies of franchisees contributing to the respective marketing funds, save to the extent that the group may retain, for its own benefit, that amount of the marketing fund contributions required to defray the costs of administering the respective marketing funds on behalf of the respective bodies of franchisees. The group has accordingly established, and administers, a number of marketing funds, in accordance with the franchise agreements, to discharge its obligations to its franchisees in this regard.

IFRS 15 – Revenue from Contracts with Customers requires that the revenue attributable to a performance obligation be recognised to depict the transfer of control of the promised goods or services. In applying the provisions of IFRS 15, the group previously concluded that the group's separate legal obligations to provide franchise support services to franchisees and administer the marketing fund contributions received from franchisees on their behalf, could not be considered separate and distinct performance obligations as the two legal obligations were integrally linked: a franchisee may not separately benefit from the marketing funds' activities without being a franchisee of the group and being entitled to the support services provided by the group to all its franchisees in terms of the franchise agreements. The group also noted that the services provided by the respective marketing funds are for the benefit of the respective brands and bodies of franchisees as a whole, and not specific individual franchisees or locations. The group therefore previously concluded that the two legal obligations were highly interrelated and interdependent on each other, and considered a single performance obligation as contemplated by IFRS 15. On this basis, the separate legal obligations were not accounted for separately and the marketing fund contributions were therefore recognised as revenue on the same basis as franchise fee revenue. Both franchise fee revenue and marketing fund contributions were considered to be sales-based royalties as contemplated by IFRS 15, and were therefore recognised in the period in which the related franchisee sales were recognised.

Upon further analysis of the obligations specified in the franchise agreements specifically relating to the provision of marketing services and the spending of marketing fund contributions on marketing-related costs, the group has determined that there is sufficient justification to treat the two separate legal obligations referred to above as two distinct performance obligations in terms of IFRS 15. The group therefore previously erred in concluding that the two legal obligations comprised a single performance obligation in terms of IFRS 15.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS continued

3.1 Judgements continued

3.1.1 Accounting for marketing funds (notes 4.2, 7, 23 and 27.1) continued

In relation to the marketing services as a distinct performance obligation, the obligation to incur marketing-related costs for the benefit of the respective bodies of franchisees is an obligation that is satisfied over time. Revenue relating to marketing fund contributions is accordingly recognised over time as the performance obligation is satisfied i.e. as the marketing fund contributions are utilised to pay for marketing-related costs incurred. The marketing funds do not operate with a profit motive as any revenue is, in terms of the franchise agreement, required to be utilised for marketing-related expenditure for the benefit of franchisees. The group has assessed that the input method contemplated by IFRS 15 is therefore the most appropriate method to measure progress towards satisfying the obligation over time. The input costs considered in measuring the extent to which the marketing performance obligation is satisfied includes all costs (direct marketing expenditure as well as employment and administrative costs associated with the provision of the marketing services) which are necessarily incurred and paid for by the marketing fund contributions (as permitted by the franchise agreements).

Any unspent marketing fund contributions represent an unsatisfied obligation to incur marketing costs for the benefit of franchisees in the future.

Marketing fund revenue is therefore recognised to the extent that it has been utilised in satisfying the marketing services performance obligation and deferred to the extent that it has not been utilised. The disbursement of marketing fund contributions on marketing services is recognised as an expense (disclosed as *Marketing expenses* in the statement of profit or loss and other comprehensive income) as incurred. In the event that a marketing fund incurs marketing-related costs in excess of the revenue collected (which would typically be funded by the franchisor), such excess is effectively accounted for as a loss on the contract and recognised in profit or loss. To the extent that such a cumulative deficit is recovered from marketing fund contributions received in a subsequent period, a profit is recognised in profit or loss in that subsequent period. Under normal circumstance, as revenue is only recognised to the extent that expenditure is incurred, the activities of the marketing funds have no impact on profit or loss.

The impact of this change in assessment is detailed in note 4.2.

Any surplus funds are identified as “restricted” cash balances in accordance with *IAS 7 – Statement of Cash Flows* as the group can only use these funds to fulfill the marketing fund performance obligation (i.e. the funds may only be used to fund future marketing-relating expenditure).

3.1.2 Accounting for initial franchise fees (notes 7 and 27.2)

Franchisees are charged an initial fixed value franchise fee by the group, as franchisor, upon signature of the franchise agreements concluded with franchisees. The initial franchise fee is non-refundable. The franchise agreements oblige the group to undertake activities for the duration of the franchise agreement to, *inter alia*, support the franchisee’s brand, where such activities significantly affect the intellectual property to which the franchisee has rights, without resulting in a transfer of control of specific goods or services. Accordingly, the group’s performance obligation in relation to the initial franchise fee is satisfied over time, and IFRS 15 therefore requires that the revenue be recognised on a straight-line basis over the term of the franchise agreement.

3.1.3 Assessment of control and significant influence (note 5)

The group has considered whether it controls certain entities, despite not owning a majority of shareholder rights, in accordance with the requirements of *IFRS 10 – Consolidated Financial Statements*. The board has determined that the group controls the entities below:

- The Spur Foundation Trust is a benevolent foundation established by the group on Mandela Day 2012. The purpose of the trust is to consolidate and implement the group’s corporate social investment projects which have reputational benefits for the group. The reputational benefits are considered to be a key return to the group from its involvement with the trust. The trust deed defines who the beneficiaries of the trust are and these beneficiaries exclude any group entity. While there is no direct economic benefit to the group from the trust, in light of the fact that the trustees of the trust are appointed by the group, the group is able to control the key activities of the trust which affect the intangible returns for the group arising from the trust’s activities.
- The Spur Management Share Trust was established in 2004. It initially served as a finance vehicle for the purchase of shares for the group’s 2004 – 2009 management share incentive scheme. Upon winding up of that scheme, the trust acquired shares in the company which continue to be used in the group’s share incentive schemes. The trustees of the trust serve at the behest of the company. The company is the only capital beneficiary of the trust. The main objective of the trust is to maintain a motivated and aligned work force through monetary and share incentives in order to improve future profitability of the group. On this basis, the group has concluded that it is able to exercise control over the relevant activities of the trust in order to influence the intangible returns for the group arising from the trust’s activities.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS continued

3.1 Judgements continued

3.1.4 Sales of franchisee supplies by outsourced distributor (notes 4.1, 7, 19 and 30)

The group has appointed an outsourced distribution company to procure, warehouse, supply and distribute certain restaurant supplies to its franchised restaurants. In accordance with IFRS 15, the group has considered whether it acts as principal or agent with regards to these supplies. The outsourced distributor procures products from suppliers, warehouses the products and sells and delivers the products to the group's franchisees. The margin earned on the sales by the distributor is determined in consultation between the distributor and the group, such that the margin is sufficient to provide the distributor with its required profit margin, and the remaining margin is then paid by the distributor to the group as a commission.

In assessing whether the group acts as agent or principal, for the purposes of IFRS 15, in this commercial relationship, the following factors have been taken into account:

- The group's internal procurement department is responsible for approving suppliers and products supplied to the distributor, to ensure that these comply with the group's strict food safety and ethical sourcing policies and to ensure that the reputations of the group's brands are protected in this regard.
- The group's procurement department negotiates with these suppliers on behalf of franchisees to secure competitive pricing on goods supplied to the distributor.
- The distributor has a direct relationship with the suppliers of the goods in question and is responsible for placing orders, confirming receipt, processing invoices, and making payment in respect of the goods procured.
- The group has no obligations to the suppliers in question and the suppliers have no recourse to the group for whatever reason.
- The distributor takes physical possession of the goods delivered by the suppliers.
- The distributor has legal title of the goods from the date of delivery by the supplier until the goods are delivered to franchisees and carries substantially all of the day-to-day operational risk of inventory loss (including for insured events).
- The group has indemnified the distributor against losses arising from product defects and deficiencies, claims, damages, and any other liability arising from any cause to the extent that such liability is not directly attributable to the distributor. Such losses have incurred infrequently in the past.
- The distributor is operationally primarily responsible for providing the goods to franchisees and the franchisees interact directly with the distributor.
- The distributor is responsible for invoicing franchisees, maintaining delivery records and collecting the sales proceeds from franchisees.
- The distributor carries the full risk of credit losses arising from the sale of the goods to franchisees.
- While the group has influence in determining the selling price of the goods charged by the distributor to franchisees, the next most significant factor in determining the selling price (other than the cost price of the goods to the distributor) is the distributor's required distribution margin, which is determined at the discretion of the distributor.

Based on the above, the group previously concluded that it acted as agent, and not principal, accordingly recognising the net commission income received from the distributor as revenue.

The group has reconsidered the provisions of IFRS 15 in relation to a number of related commercial agreements, including the franchise agreements concluded between the group and franchisees, the distribution agreement concluded between the group and the distributor and the agreements concluded between the group and suppliers to the distributor. Critical to the determination of whether the group acts as principal or agent is whether the group obtains control of the inventory in question before the inventory is ultimately sold to customers. In determining whether the group obtains control, it is necessary to assess a number of factors including whether the group is exposed to the significant risks and rewards of ownership of the inventory prior to delivery to franchisees.

While the group previously concluded that it was not exposed to the significant risks associated with the inventory as the contractual penalties and indemnities contemplated by the distribution agreement have occurred infrequently in the past, have not been significant and were considered incidental to the commercial relationship, the distribution agreement nevertheless provides for the group indemnifying the distributor for any losses not directly attributable to the distributor. The group is obligated to purchase any inventory held by the distributor in the event of termination of the agreement for whatever reason. While the group has absolute discretion over setting the final selling prices to franchisees, the group previously concluded that such discretion was subject to commercial constraints, and the cost of the products procured from suppliers as well as the distributor's distribution margin were not subject to the group's discretion. Nevertheless, the group does have absolute discretion over selling prices to franchisees as well as the products and suppliers of those products supplied by the distributor to franchisees.

The group has therefore concluded that it acts as principal, and not agent, with regards to the sales of product by the distributor to franchisees. Revenue is accordingly recorded on a gross basis, with the cost paid to the supplier and the distributor's distribution margin recorded in *Cost of sales* in the consolidated statement of profit or loss and other comprehensive income.

The impact of this change in assessment is detailed in note 4.1.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS continued

3.1 Judgements continued

3.1.5 Intangible assets (note 15)

The directors reassess at each reporting date the appropriateness of the indefinite useful life assumption with regard to certain of the group's intangible assets, with particular reference to trademarks and related intellectual property. In this regard, the board considers its strategy relating to the intangible assets in question and the group's ability to execute that strategy, whether there is any technical, technological, commercial or other type of obsolescence applicable to the assets, expected usage and lifecycle of the assets, future costs required to continue to obtain benefits from the assets and the period over which the group is legally able to control the assets. The directors confirm their assessment that the group's trademarks and related intellectual property have indefinite useful lives.

3.1.6 Leases (notes 14 and 28)

Accounting for leases in accordance with IFRS 16 requires an assessment of the term of the lease.

In considering the term of a lease, the board has had to consider the likelihood of the group exercising any option of renewal. In this regard, the board considers each lease on a case-by-case basis. Where the underlying right-of-use asset is considered essential to the ongoing operations of the business, and there is no known reasonable alternative, the board is likely to conclude that any renewal option will be exercised.

3.2 Assumptions and estimates

3.2.1 Fair values

A number of the group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

Fair value measurements and adjustments are made under the supervision of the group's chief financial officer. To the extent practicable, fair values are derived by external experts and, as far as possible, utilising market observable data. Any significant valuation issues are reported to the group's audit committee.

Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Financial instruments including contingent consideration receivable (refer note 41)
- Grant-date fair values of equity-settled share-based payments (refer note 24.4)

3.2.2 Impairment of financial assets

At each reporting date, the group records an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. This requires an assessment of the probability of default as well as the potential loss in the event of default for each financial asset or group of assets. Further information is disclosed in note 41.3.1.

3.2.3 Impairment of non-financial assets (notes 13 and 15)

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually. Intangible assets which do not have indefinite useful lives and property, plant and equipment are considered for impairment when an indication of possible impairment exists.

Determining if non-financial assets are impaired requires an estimation of the values-in-use of the cash-generating units to which goodwill, intangible assets and property, plant and equipment have been allocated. The value-in-use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable pre-tax discount rate that is reflective of the cash-generating unit's risk profile in order to calculate the present value. The variables applied in determining the above have been disclosed in the relevant notes to the financial statements with specific reference to notes 13 and 15.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS continued

3.2 Assumptions and estimates continued

3.2.4 Leases (notes 14 and 28)

Accounting for leases in accordance with IFRS 16 requires an assessment of an appropriate discount rate.

In most cases, the interest rate implicit in a lease which is legally structured as an operating lease is not readily determinable. The board has therefore needed to consider the group's incremental borrowing rate to serve as a proxy for an appropriate discount rate in accordance with IFRS 16. The group currently has no formal external debt and an incremental borrowing rate is consequently also not readily determinable. The board has therefore considered the nature of the assets that are the subject of the leases and concluded that the prime overdraft rate of interest is a reasonable proxy for an appropriate discount rate.

3.2.5 Property, plant and equipment (note 13)

Items of property, plant and equipment are depreciated over the assets' remaining useful lives, taking into consideration their estimated residual values. The remaining useful lives and residual values of these assets are reviewed and considered at each reporting date, taking into account the nature and condition of the assets.

3.2.6 Share-based payments (note 24.4)

Accounting for equity-settled share-based payments, specifically relating to the group's Forfeitable Share Plan (FSP) and Share Appreciation Rights (SAR) long-term incentive schemes, requires a determination of the grant-date fair values of the rights/shares awarded. These are subject to a number of variables. In addition, the group is required to estimate the proportion of shares/rights that are likely to vest based on: employees meeting the required service conditions; and the extent to which the group is expected to achieve certain non-market performance conditions. The detailed inputs into the determination of grant-date fair values, as well as the estimates made with regards to vesting conditions, are detailed in note 24.4.

3.2.7 Withholding tax credits (note 20)

The group has considered projections of future taxable income for wholly-owned subsidiary, Steak Ranches International BV, in order to assess the recoverability of the asset recognised in respect of withholding tax credits available to the entity, as detailed in note 20.

4 PRIOR PERIOD RESTATEMENTS

4.1 IFRS 15 – Revenue from Contracts with Customers – Sales by outsourced distributor

IFRS 15 requires that an entity should determine whether the nature of its promise to deliver goods or services is a performance obligation to provide the specified goods or services itself (i.e. acting as a principal) or to arrange for those goods or services to be provided by another party (i.e. acting as an agent). The group has a commercial arrangement with an outsourced distributor in terms of which that outsourced distributor procures certain products from suppliers appointed by the group, warehouses those products and then supplies those products to the group's franchisees as more fully explained in note 3.1.4. The group earns a commission on these sales.

The group previously accounted for the sales by the distributor to franchisees as agent, and accordingly previously only recognised the commission payable by the distributor to the group as distribution income revenue. The group has reassessed the requirements of IFRS 15 and their application to the transactions in question and concluded that the determination that the group acts as agent is erroneous. Taking into consideration the provisions of a number of inter-linked commercial agreements impacting on these transactions and in particular the risks that the group is exposed to in relation to the inventory procured by the distributor, the group has concluded that it acts as principal. Accordingly, the gross sales should be recognised as revenue, with the related cost of inventory sold and the distributor's distribution fee being recognised in cost of sales. In addition, the group should recognise the inventory held by the distributor on the group's behalf at the reporting date as an asset, with a corresponding payable to the distributor as a liability.

This incorrect application of IFRS 15 in prior years has been corrected retrospectively: the cumulative impact of the correction has been adjusted as at the beginning of the comparative period and the comparative information has been restated as listed in note 4.4.

4.2 IFRS 15 – Revenue from Contracts with Customers – Accounting for marketing funds

The group previously concluded that marketing fund contributions revenue and ongoing franchise fee income revenue arose from a single distinct performance obligation in accordance with IFRS 15 and therefore needed to be recognised as revenue on the same basis. It was previously determined that the most appropriate method to recognise the revenue from the single performance obligation was as a sales-based royalty.

In assessing the group's underlying obligations per the franchise agreements concluded with franchisees to provide marketing services and utilise the marketing fund contributions revenue collected from franchisees to incur marketing-related expenditure for the benefit of franchisees, it has been determined that there is sufficient justification to treat the obligation to provide marketing services to franchisees as a performance obligation distinct from the provision of franchise support services. The group therefore previously erred in accounting for the two obligations as a single performance obligation in prior years.

As a distinct performance obligation, the revenue relating to marketing services may be recognised on a basis different to ongoing franchise fee income revenue. As the group's performance obligation to provide marketing support services and spend marketing fund contributions on marketing-related costs is satisfied over time, the revenue should be recognised over the period that the group's obligation is satisfied. As the group has no profit motive in rendering the services, the input method has been determined as the most appropriate method to measure the progress towards satisfying the performance obligation. Revenue is consequently recognised to the extent that costs have been incurred, and deferred to the extent that the group has an obligation to incur marketing-related costs for the benefit of franchisees in the future, resulting in a nil impact on profit or loss. Where cumulative expenditure is incurred in excess of the marketing fund contributions, a loss is recognised in profit or loss; and to the extent that such a cumulative deficit is recovered from marketing fund contributions received in a subsequent period, a profit is recognised in profit or loss in that subsequent period.

Refer to note 3.1.1 for a more detailed explanation.

This incorrect application of IFRS 15 in prior years has been corrected retrospectively: the cumulative impact of the correction has been adjusted as at the beginning of the comparative period and the comparative information has been restated as listed in note 4.4. The restatement has resulted in a reduction in revenue in the statement of profit or loss and other comprehensive income and the recognition of a contract liability in the statement of financial position relating to the unsatisfied performance obligation.

4.3 IAS 7 – Statement of Cash Flows – Treatment of restricted cash in the statement of cash flows

As detailed in note 23, the group discloses cash deposits relating to marketing fund surpluses and cash deposits held to settle its obligation in respect of unredeemed gift vouchers as restricted cash in the consolidated statement of financial position. The group has however previously excluded the movements in these restricted cash balances from the cash flow movements presented in the statement of cash flows. While IAS 7 defines the term "restricted cash" and requires separate disclosure thereof, it does not preclude the requirement to include restricted cash within total cash and cash equivalents for the purposes of the statement of cash flows. The group has accordingly erred in excluding the movement in restricted cash from its statement of cash flows in prior years. The incorrect application of IAS 7 in the prior year has been corrected retrospectively and the prior year statement of cash flows has been restated as detailed in note 4.4.

4 PRIOR PERIOD RESTATEMENTS continued

4.4 Restatements of statements of financial position, profit or loss and other comprehensive income and cash flows

Extract from consolidated statements of financial position

R'000	As at 1 July 2020 as previously reported	Adjustments to correct errors: Sales by outsourced distributor (4.1)	Adjustments to correct errors: Accounting for marketing funds (4.2)	Adjustments to correct errors: Restricted cash (4.3)	**Restated as at 1 July 2020**
ASSETS					
Non-current assets	**518 466**	**–**	**–**	**–**	**518 466**
Current assets	**282 440**	**68 439**	**–**	**–**	**350 879**
Inventories	16 148	68 439	–	–	84 587
Other current assets	266 292	–	–	–	266 292
TOTAL ASSETS	**800 906**	**68 439**	**–**	**–**	**869 345**
EQUITY AND LIABILITIES					
Total equity	**535 615**	**(815)**	**(2 809)**	–	**531 991**
Other equity	51 677	–	–	–	51 677
Retained earnings	475 501	(815)	(2 809)	–	471 877
Total equity attributable to owners of the company	**527 178**	**(815)**	**(2 809)**	**–**	**523 554**
Non-controlling interests	8 437	–	–	–	8 437
LIABILITIES					
Non-current liabilities	**127 883**	**(317)**	**–**	**–**	**127 566**
Deferred tax	57 212	(317)	–	–	56 895
Other non-current liabilities	70 671	–	–	–	70 671
Current liabilities	**137 408**	**69 571**	**2 809**	**–**	**209 788**
Trade and other payables	49 710	69 571	–	–	119 281
Contract liabilities	5 808	–	2 809	–	8 617
Other current liabilities	81 890	–	–	–	81 890
TOTAL EQUITY AND LIABILITIES	**800 906**	**68 439**	**–**	**–**	**869 345**

R'000	As at 30 June 2021 as previously reported	Adjustments to correct errors: Sales by outsourced distributor (4.1)	Adjustments to correct errors: Accounting for marketing funds (4.2)	Adjustments to correct errors: Restricted cash (4.3)	**Restated as at 30 June 2021**
ASSETS					
Non-current assets	**500 311**	**–**	**–**	**–**	**500 311**
Current assets	**409 038**	**64 477**	**–**	**–**	**473 515**
Inventories	11 618	64 477	–	–	76 095
Other current assets	397 420	–	–	–	397 420
TOTAL ASSETS	**909 349**	**64 477**	**–**	**–**	**973 826**
EQUITY AND LIABILITIES					
Total equity	**635 173**	**(618)**	**(3 520)**	**–**	**631 035**
Other equity	52 969	–	–	–	52 969
Retained earnings	568 890	(618)	(3 520)	–	564 752
Total equity attributable to owners of the company	**621 859**	**(618)**	**(3 520)**	**–**	**617 721**
Non-controlling interests	13 314	–	–	–	13 314
LIABILITIES					
Non-current liabilities	**116 291**	**(240)**	**–**	**–**	**116 051**
Deferred tax	55 526	(240)	–	–	55 286
Other non-current liabilities	60 765	–	–	–	60 765
Current liabilities	**157 885**	**65 335**	**3 520**	**–**	**226 740**
Trade and other payables	60 922	65 335	–	–	126 257
Contract liabilities	4 749	–	3 520	–	8 269
Other current liabilities	92 214	–	–	–	92 214
TOTAL EQUITY AND LIABILITIES	**909 349**	**64 477**	**–**	**–**	**973 826**

4 PRIOR PERIOD RESTATEMENTS continued

Extract from consolidated statement of profit or loss and other comprehensive income

R'000	For the year ended 30 June 2021 as previously reported	Adjustments to correct errors: Sales by outsourced distributor (4.1)	Adjustments to correct errors: Accounting for marketing funds (4.2)	Adjustments to correct errors: Restricted cash (4.3)	**Restated for the year ended 30 June 2021**
Revenue	**681 436**	**1 124 220**	**(711)**	**–**	**1 804 945**
Cost of sales	(165 428)	(1 123 946)	–	–	(1 289 374)
Gross profit	**516 008**	**274**	**(711)**	**–**	**515 571**
Operating profit before finance income	**144 731**	**274**	**(711)**	**–**	**144 294**
Profit before income tax	**148 239**	**274**	**(711)**	**–**	**147 802**
Income tax expense	(48 480)	(77)	–	–	(48 557)
Profit	**99 759**	**197**	**(711)**	**–**	**99 245**
Total comprehensive income	**99 773**	**197**	**(711)**	**–**	**99 259**
Profit attributable to:	**99 759**	**197**	**(711)**	**–**	**99 245**
Equity owners of the company	93 082	197	(711)	–	92 568
Non-controlling interests	6 677	–	–	–	6 677
Total comprehensive income attributable to:	**99 773**	**197**	**(711)**	**–**	**99 259**
Equity owners of the company	93 096	197	(711)	–	92 582
Non-controlling interests	6 677	–	–	–	6 677
Earnings per share (cents)					
Basic earnings	110.85	0.24	(0.85)	–	110.24
Diluted earnings	110.48	0.23	(0.84)	–	109.87

Extract from consolidated statement of cash flows

R'000	For the year ended 30 June 2021 as previously reported	Adjustments to correct errors: Sales by outsourced distributor (4.1)	Adjustments to correct errors: Accounting for marketing funds (4.2)	Adjustments to correct errors: Restricted cash (4.3)	**Restated for the year ended 30 June 2021**
Cash flow from operating activities					
Operating profit before working capital changes	171 486	274	–	3 435	175 195
Working capital changes	(29 782)	(274)	–	(108)	(30 164)
Cash generated from operations	**141 704**	**–**	**–**	**3 327**	**145 031**
Net cash flow from operating activities	**102 277**	**–**	**–**	**3 327**	**105 604**
Net cash flow from investing activities	**384**	**–**	**–**	**–**	**384**
Net cash flow from financing activities	**(7 088)**	**–**	**–**	**–**	**(7 088)**
Net movement in cash and cash equivalents	**95 573**	**–**	**–**	**3 327**	**98 900**
Effect of foreign exchange fluctuations	(55)	–	–	–	(55)
Net cash and cash equivalents at beginning of year	165 352	–	–	8 671	174 023
Net cash and cash equivalents at end of year	**260 870**	**–**	**–**	**11 998**	**272 868**

5. GROUP ENTITIES

5.1 Group structure

Details of the share capital and the company's interests in the subsidiary companies are as follows:

	Country of incorporation and place of business	Issued capital R'000	Loan from subsidiary R'000	Effective % interest in company
Trading				
Direct				
– Share Buy-back (Pty) Ltd	South Africa	0.1		100.0
– Spur Group (Pty) Ltd	South Africa	0.1	60 059 (2021: 90 636)	100.0
– Spur Group Properties (Pty) Ltd	South Africa	0.1		100.0
Indirect				
– Green Point Burger Joint (Pty) Ltd trading as RocoMamas Green Point	South Africa	0.1		90.0&
– John Dory's Advertising (Pty) Ltd	South Africa	0.1		100.0
– Nikos Franchise (Pty) Ltd	South Africa	11 052.3		51.0
– Nickilor (Pty) Ltd trading as The Hussar Grill Rondebosch	South Africa	0.1		100.0
– Opilor (Pty) Ltd trading as The Hussar Grill Mouille Point	South Africa	17 500.1		68.0
– Opiset (Pty) Ltd trading as The Hussar Grill Camps Bay	South Africa	0.1		100.0
– Panarottis Advertising (Pty) Ltd	South Africa	0.2		100.0
– RocoMamas Advertising (Pty) Ltd	South Africa	0.1		70.0
– RocoMamas Franchise Co (Pty) Ltd	South Africa	0.1		70.0
– Spur Advertising (Pty) Ltd	South Africa	0.1		100.0
– Nikos Advertising (Pty) Ltd	South Africa	0.1		100.0
– The Hussar Grill Advertising (Pty) Ltd	South Africa	0.1		100.0
– The Morningside Grill (Pty) Ltd trading as The Hussar Grill Morningside	South Africa	0.1		100.0
– Spur International Ltd	British Virgin Islands	104 049.0		100.0
– Steak Ranches International BV	The Netherlands	240 675.0		100.0
– Spur Advertising Namibia (Pty) Ltd	Namibia	0.1		100.0
– Spur Services Namibia (Pty) Ltd	Namibia	0.1		100.0
– Spur Corporation Australia Pty Ltd	Australia	16 129.1		100.0
Dormant#		0.5		100.0

A schedule of these companies is available upon request.
& *The group is able to control 100% of the voting rights.*

The interest of the company in the aggregate after tax profits and losses of subsidiaries is as follows:

	2022 R'000	Restated 2021* R'000
Profits	**126 913**	108 335
Losses	**(3 034)**	(8 163)

* *Refer note 4.*

5. GROUP ENTITIES continued

5.1 Group structure continued

In addition to those entities in which the group holds a majority shareholder interest, the group has concluded that it controls The Spur Management Share Trust and The Spur Foundation Trust (refer note 3.1.3). These entities are consequently consolidated.

There were no changes to the group structure during the year.

Details of material non-controlling interests are included in note 25.

There are no significant restrictions on the ability of the group to realise assets or settle liabilities of any of its subsidiaries.

5.2 Consolidated structured entities

With regard to consolidated structured entities, The Spur Management Share Trust and The Spur Foundation Trust:

– There are no contractual obligations on the company or any of its subsidiaries to provide financial support; and

– A wholly-owned subsidiary donated R0.390 million (2021: R0.280 million) to The Spur Foundation Trust during the year to assist in funding the trust's benevolent activities.

6. OPERATING SEGMENTS

Operating segments are identified based on financial information regularly reviewed by the Spur Corporation Ltd executive directors (identified as the Chief Operating Decision Maker (CODM) of the group for *IFRS 8 – Operating Segments* reporting purposes) for performance assessments and resource allocations. In accordance with IFRS 8, no segment assets or liabilities have been disclosed as such information is not regularly provided to the CODM. As the group operates predominantly as a franchise business, there are limited tangible assets directly attributable to individual segments. The key driver for making decisions regarding resource allocation is primarily profitability. Working capital is managed at a group level.

Following a restructure of the business and responsibilities of certain brand chief operating officers during the year, the financial information reviewed by the CODM has been reconfigured during the current year and segmental information has been updated accordingly. The following changes were made:

– A new segment has been created, 'Franchise - Speciality brands'.
– Casa Bella was previously reported with Panarottis as a single segment and is now reported under *Speciality brands*.
– The Hussar Grill and Nikos were both previously reported separately and are now reported under *Speciality brands*.
– Expenses of the group's procurement department were previously reported under *Shared services* and are now reported under *Manufacturing and distribution* (where the related sales by the outsourced distributor and rebate revenue are included).

Accordingly, the group has restated the previously reported segment information for the year ended 30 June 2021 in line with the current year, based on the following reportable segments (with no individual customer accounting for more than 10% of revenue):

South Africa Franchise:

– Spur (Spur Steak Ranches and Spur Grill & Go)
– Panarottis Pizza Pasta
– John Dory's (John Dory's Fish Grill Sushi)
– RocoMamas
– Speciality brands (Casa Bella, The Hussar Grill and Nikos Coalgrill Greek)

South Africa: Manufacturing and distribution

– Sauce manufacturing, warehousing and product distribution business including sales by the group's outsourced distributor to franchisees (refer note 3.1.4), rebates and sales of retail sauces to supermarkets

South Africa: Retail company stores

– Four company-owned The Hussar Grill restaurants, operating in Camps Bay, Rondebosch and Mouille Point in the Western Cape and Morningside in Gauteng; a RocoMamas outlet in Green Point in the Western Cape and a pilot proof of concept, Modrockers, in Rosebank in Gauteng

South Africa and International: Marketing

– These segments comprise the surplus or deficit of marketing fund contributions from franchisees relative to marketing fund expenses for the year. The group is obligated, in accordance with the franchise agreements concluded between franchisees and the group, to spend the marketing fund contributions for the benefit of franchisees. Any surplus recognised in profit is in respect of the recovery of a prior year's cumulative marketing fund deficit and is accordingly not for the benefit of the owners of the company and will not, in the ordinary course of business, be distributable to shareholders. Losses are only recognised to the extent that a marketing fund is in a cumulative deficit position.

6. OPERATING SEGMENTS continued

South Africa: Other

- The group's training division, export business, décor manufacturing business, call centre and radio station which are each individually not material

International: Australasia

- Franchise business in Australia and New Zealand

International: Rest of Africa and Middle East

- Franchise operations in the rest of Africa (including Mauritius), India and the Middle East. Rest of Africa comprises the majority of the segment. India and Middle East components are not individually material, operate on the same basis as the rest of Africa and are exposed to similar risks.

The CODM reviews the performance of each of the franchise brands, the retail company stores business, marketing funds and other business units independently of each other to assess the risks and contribution of each business unit, and, where appropriate, the possibility and financial feasibility of expanding, ceasing or outsourcing operations.

Intersegment transactions are accounted for on the same basis as equivalent transactions with parties external to the group.

		2022			Restated 2021*#		
R'000	Note	**Total revenues**	**Less: Inter-segment revenues**	**External revenues**	Total revenues	Less: Inter-segment revenues	External revenues
South Africa							
Franchise		**340 381**	**6 986**	**333 395**	235 749	5 210	230 539
Spur		**233 041**	**874**	**232 167**	159 766	788	158 978
Panarottis		**31 589**	**322**	**31 267**	21 872	297	21 575
John Dory's		**18 305**	**357**	**17 948**	12 712	390	12 322
RocoMamas		**41 384**	**2 811**	**38 573**	31 890	2 415	29 475
Speciality brands		**16 062**	**2 622**	**13 440**	9 509	1 320	8 189
Manufacturing and distribution	b	**1 811 463**	**101 049**	**1 710 414**	1 385 429	74 622	1 310 807
Retail company stores		**62 907**	**–**	**62 907**	41 376	–	41 376
Marketing		**203 659**	**4 121**	**199 538**	166 780	2 370	164 410
Other segments	d	**44 342**	**7 583**	**36 759**	26 810	6 773	20 037
Total South African segments		**2 462 752**	**119 739**	**2 343 013**	1 856 144	88 975	1 767 169
Shared services		**30 604**	**30 393**	**211**	28 569	27 662	907
Total South Africa		**2 493 356**	**150 132**	**2 343 224**	1 884 713	116 637	1 768 076
International							
Australasia		**645**	**–**	**645**	1 709	–	1 709
Rest of Africa and Middle East	g	**42 481**	**119**	**42 362**	31 276	225	31 051
Marketing		**4 961**	**–**	**4 961**	4 109	–	4 109
Total International segments		**48 087**	**119**	**47 968**	37 094	225	36 869
Shared services		**415**	**415**	**–**	382	382	–
Total International		**48 502**	**534**	**47 968**	37 476	607	36 869
Total		**2 541 858**	**150 666**	**2 391 192**	1 922 189	117 244	1 804 945

* *Refer note 4.*
\# *Restated for segment reallocations as explained on page 36.*

Refer note 7 for further details of revenue.

Refer to page 39 for notes.

6. OPERATING SEGMENTS continued

R'000	Note	2022 Profit/(loss) before income tax	2022 Capital expenditure	Restated 2021*# Profit/(loss) before income tax	Restated 2021*# Capital expenditure
South Africa					
Franchise		**258 933**	**–**	156 816	–
Spur	a	**194 990**	**–**	120 049	–
Panarottis		**19 794**	**–**	9 665	–
John Dory's		**6 641**	**–**	1 808	–
RocoMamas		**27 876**	**–**	21 278	–
Speciality brands		**9 632**	**–**	4 016	
Manufacturing and distribution	b	**73 612**	**1 298**	56 884	112
Retail company stores	c	**(1 185)**	**2 531**	11 725	364
Marketing		**2 410**	**90**	23 223	40
Other segments	d	**(3 981)**	**–**	(7 074)	–
Total South African segments		**329 789**	**3 919**	241 574	516
Shared services	e	**(132 328)**	**4 062**	(99 150)	1 419
Total South Africa		**197 461**	**7 981**	142 424	1 935
International					
Australasia	f	**(119)**	**–**	(1 543)	–
Rest of Africa and Middle East	g	**18 938**	**–**	12 376	–
Marketing		**–**	**–**	–	–
Total international segments		**18 819**	**–**	10 833	–
Shared services	h	**(6 612)**	**16**	(5 455)	–
Total International		**12 207**	**16**	5 378	–
Total		**209 668**	**7 997**	147 802	1 935

* *Refer note 4.*
# *Restated for segment reallocations as explained on page 36.*

Geographical allocation of non-current assets

The group's non-current assets are allocated to the following geographic regions:

	2022 R'000	2021 R'000
South Africa	**484 171**	495 078
Other countries	**200**	283
Total non-current assets	**484 371**	495 361

For the purposes of the above analysis, non-current assets exclude deferred tax assets and loans receivable.

Refer to page 39 for notes.

6. OPERATING SEGMENTS continued

Notes

a) South Africa Franchise – Spur
Profit for the year includes development costs of R4.088 million.

b) South Africa Manufacturing and distribution
Manufacturing and distribution revenue includes sales by the group's outsourced distributor of R1.633 billion (2021: R1.229 billion). The prior year profit includes retrenchment costs of R0.025 million as part of the group's COVID-19 austerity measures.

c) South Africa Retail company stores
Profit for the prior year includes business interruption insurance proceeds of R14.773 million as compensation for COVID-19-related loss of profits for the period from April 2020 to March 2021. An accrual of R0.583 million had been raised in respect of rental rebates which were refunded to landlords as a result of the insurance claims.

The group undertook a major refurbishment of The Hussar Grill in Morningside in the current year to the amount of R2.200 million of which R2.109 million was capitalised and R0.091 million was expensed.

d) South Africa Other
The increase in revenue and decrease in loss is attributable to the group's export and decor businesses recovering from COVID-19 as restaurant openings and refurbishments locally and abroad were more frequent. Profit for the prior year includes retrenchments costs of R0.515 million as part of the group's austerity measures implemented in response to COVID-19.

e) ***South Africa Shared services***

The segment loss includes:	**2022 R'000**	2021 R'000
Marketing fund administration cost recoveries (intersegment)[1]	**14 552**	13 943
Net finance income[2]	**2 302**	7 453
Impairment reversal - net expected credit losses on other financial instruments (refer note 41.3.1)	**562**	2 103
Equity-settled share-based payment charge (refer note 24.4)	**(6 309)**	(1 278)
Contingent consideration fair value (loss)/gain (net of allowance for expected credit losses) (refer note 22)	**(2 453)**	1 081
Retrenchment costs[3]	**–**	(2 824)
Retirement benefit (excluding interest) (refer note 26)	**–**	(8 502)
Loss (before net finance income) of The Spur Foundation Trust, all of which is attributable to non-controlling interests	**(145)**	(416)
Non-executive directors' fees (including VAT where applicable)[4]	**(5 317)**	(7 917)

1 *The group recovers certain of the costs of administering the marketing funds on behalf of franchisees from the marketing funds.*
2 *Net finance income declined as a result of the interest expense on the SARS dispute to the amount of R8.038 million (refer note 11.2).*
3 *Retrenchment costs in the prior year related to the voluntary retrenchment of employees as part of the group's austerity measures implemented in response to COVID-19.*
4 *Non-executive directors' fees for the prior year included R2.757 million (including VAT where applicable) for special assignments, as approved by shareholders at the annual general meeting on 23 December 2020.*

6. OPERATING SEGMENTS continued

f) Australasia

The segment loss includes:	2022 R'000	2021 R'000
Impairment reversal - net expected and actual credit losses on financial instruments (refer note 41.3.1)	68	190
Impairment reversal - net expected and actual credit losses on lease receivable (refer note 17) and Apache lease deposit	–	314
Provision for lease obligation (refer note 32) net of gain on derecognition of lease liability on early termination of lease (refer note 28) relating to Apache Spur	–	(665)
Retrenchment costs	–	(550)
Foreign exchange gain	5	4

g) Rest of Africa and Middle East

Rest of Africa and Middle East revenue includes sales by the group's outsourced distributor of R10.602 million (2021: R7.809 million).

h) International Shared services

The segment loss includes:	2022 R'000	2021 R'000
Impairment (loss)/reversal - net expected and actual credit losses on financial instruments (refer note 41.3.1)	(2 035)	370
Foreign exchange gain/(loss)	467	(732)

Included in profit/loss before income tax are depreciation and amortisation, interest expense and interest income allocated to the following segments:

	2022			Restated 2021#		
R'000	Depreciation and amortisation	Interest expense	Interest income	Depreciation and amortisation	Interest expense	Interest income
South Africa						
Franchise	(2 587)	(225)	–	(2 663)	(455)	–
Spur	(1 468)	(126)	–	(1 512)	(258)	–
Panarottis	(567)	(41)	–	(581)	(98)	–
John Dory's	(444)	(35)	–	(505)	(92)	–
Speciality brands	(108)	(23)	–	(65)	(7)	–
Manufacturing and distribution	(2 603)	(4)	–	(2 816)	(44)	–
Retail company stores	(7 252)	(2 752)	–	(6 230)	(2 588)	–
Marketing	(171)	–	1 510	(299)	–	247
Other segments	(740)	(39)	–	(760)	(89)	–
Total South African segments	(13 353)	(3 020)	1 510	(12 768)	(3 176)	247
Shared services	(7 410)	(9 499)	11 801	(8 664)	(1 187)	7 543
Total South Africa	(20 763)	(12 519)	13 311	(21 432)	(4 363)	7 790
International						
Australasia	–	(27)	–	–	(389)	483
Rest of Africa and Middle East	–	–	–	–	–	–
Total International segments	–	(27)	–	–	(389)	483
Shared services	(108)	(32)	14	(107)	(13)	–
Total International	(108)	(59)	14	(107)	(402)	483
Total	(20 871)	(12 578)	13 325	(21 539)	(4 765)	8 273

Restated for segment reallocations as explained on page 36.

7. REVENUE

	2022 R'000	Restated 2021* R'000
Sales-based royalties	357 607	247 495
Ongoing franchise fee income	357 607	247 495
Recognised at a point in time	1 824 133	1 383 249
Sales of franchisee supplies (outsourced distributor)	1 643 400	1 237 452
Sales of purchased and manufactured sauces	71 761	77 261
Retail company stores' sales	62 907	41 376
Sales of franchisee supplies	29 464	15 569
Sales of marketing materials	10 302	7 391
Rebate income	6 299	4 200
Recognised over time	209 452	174 201
Initial franchise fee income	7 161	7 356
Marketing fund contributions	181 984	147 443
Services rendered	8 029	5 586
Marketing supplier contributions	12 278	13 816
Total revenue	**2 391 192**	1 804 945

* *Refer note 4.*

Revenue is disaggregated based on method of recognition by segment as follows:

R'000	Sales-based royalties	Recognised at a point in time	Recognised over time	Total
2022				
South Africa				
Franchise	328 954	273	4 168	333 395
Spur	230 488	–	1 679	232 167
Panarottis	30 363	273	631	31 267
John Dory's	17 576	–	372	17 948
RocoMamas	37 386	–	1 187	38 573
Speciality brands	13 141	–	299	13 440
Manufacturing and distribution	–	1 710 414	–	1 710 414
Retail company stores	–	62 907	–	62 907
Marketing	–	10 302	189 236	199 538
Other segments	–	28 980	7 779	36 759
Total South African segments	328 954	1 812 876	201 183	2 343 013
Shared services	–	211	–	211
Total South Africa	328 954	1 813 087	201 183	2 343 224
International				
Australasia	558	–	87	645
Rest of Africa and Middle East	28 095	11 046	3 221	42 362
Marketing	–	–	4 961	4 961
Total International	28 653	11 046	8 269	47 968
Total external revenue	357 607	1 824 133	209 452	2 391 192

7. REVENUE continued

R'000	Sales-based royalties	Recognised at a point in time	Recognised over time	Total
Restated 2021*#				
South Africa				
Franchise	224 822	141	5 576	230 539
Spur	156 624	–	2 354	158 978
Panarottis	20 532	141	902	21 575
John Dory's	11 844	–	478	12 322
RocoMamas	28 130	–	1 345	29 475
Speciality brands	7 692	–	497	8 189
Manufacturing and distribution	–	1 310 807	–	1 310 807
Retail company stores	–	41 376	–	41 376
Marketing	–	7 391	157 019	164 410
Other segments	–	14 521	5 516	20 037
Total South African segments	224 822	1 374 236	168 111	1 767 169
Shared services	–	907	–	907
Total South Africa	224 822	1 375 143	168 111	1 768 076
International				
Australasia	1 305	–	404	1 709
Rest of Africa and Middle East	21 368	8 106	1 577	31 051
Marketing	–	–	4 109	4 109
Total International	22 673	8 106	6 090	36 869
Total external revenue	247 495	1 383 249	174 201	1 804 945

* *Refer note 4.*

\# *Restated for segment reallocations as explained on page 36.*

8. OTHER INCOME

	2022 R'000	2021 R'000
Expired gift vouchers[1]	**1 598**	2 249
Fair value gain on contingent consideration receivable (refer note 22)	**–**	901
Gain on derecognition of lease	**–**	7 069
Derecognition of lease liabilities on early termination of leases (refer note 28)	**–**	9 845
Derecognition of right-of-use assets on early termination of leases (refer note 14)	**–**	(2 776)
Insured loss recoveries[2]	**–**	14 773
Profit on disposal of property, plant and equipment	**125**	131
Rental concession income (refer note 28)	**201**	646
Spur Foundation donation income[3]	**1 378**	725
Other	**656**	577
Total other income	**3 958**	27 071

1 *Expired gift vouchers relate to the value of gift vouchers sold to customers which have not been redeemed within a period of three years from date of issue. The validity period of three years is prescribed by local legislation.*

2 *Insured loss recoveries in the prior year are business interruption insurance proceeds accrued for in the prior year and received during the current year as compensation for COVID-19-related loss of profits attributable to the group's retail company stores for the period April 2020 to March 2021.*

3 *Spur Foundation donation income relates to donations received by The Spur Foundation Trust, a consolidated structured entity, from parties external to the group. The income may be used exclusively for the benefit of the beneficiaries of the trust in accordance with the trust deed (which exclude any group entities). Related expenditure is included in Administration expenses in the consolidated statement of profit or loss and other comprehensive income.*

9. OPERATING PROFIT BEFORE FINANCE INCOME

The following items have been taken into account in determining operating profit before finance income (other than those items disclosed in other income (refer note 8)):

	2022 R'000	2021 R'000
Auditor's remuneration[1]	**5 533**	3 477
Amortisation - intangible assets (refer note 15)	**1 150**	970
Consulting fees	**14 985**	7 633
Depreciation - property, plant and equipment (refer note 13)	**9 210**	10 160
Depreciation - right-of-use assets (refer note 14)	**10 511**	10 409
Employment costs	**221 645**	199 108
- Salaries and wages (excluding executive directors and prescribed officer)[2]	**190 150**	168 267
- Executive directors' and prescribed officer's emoluments (refer note 42)[3]	**25 186**	17 147
- Retirement benefit (refer note 26)	**–**	8 502
- Retrenchment costs[4]	**–**	3 914
- Share-based payments expense - equity-settled - long-term employee share incentive schemes (refer note 24.4)	**6 309**	1 278
Foreign exchange loss	**–**	724
Impairment losses/(reversal) - expected and actual credit losses - financial instruments and lease receivable	**2 957**	(2 523)
Trade receivables (refer note 21)	**2 822**	(1 193)
Bad debts - trade receivables	**345**	838
Write off of lease deposit	**–**	937
Movement in Impairment allowance	**2 477**	(2 968)
Loan receivables (refer note 16)	**207**	101
Impairment allowance	**395**	881
Reversal of impairment allowance	**(188)**	(855)
Impairment allowance reversed against actual write off of loans receivable	**(1 310)**	(4 000)
Write off of loans receivable	**1 310**	4 075
Reversal of impairment of contingent consideration receivable (refer note 22)	**(72)**	(180)
Lease receivables (refer note 17)	**–**	(1 251)
Impairment allowance reversed against actual write off of lease receivable	**–**	(8 263)
Write off of lease receivable	**–**	7 012
Other non-trading losses	**2 525**	7 677
Fair value loss on contingent consideration receivable (refer note 22)	**2 525**	–
Provision for lease obligation (refer note 32)	**–**	7 677

1 *Remuneration of the company's auditor for services to the company and its subsidiaries. The increase relative to the prior year relates to the change in audit approach adopted by PwC relative to KPMG: PwC's audit approach includes a greater focus on audit work performed prior to the year-end while KPMG's approach allocated more focus to audit work performed subsequent to the year-end.*

2 *Includes short-term performance bonuses and short-term incentive scheme costs (refer note 30.1).*

3 *Includes short-term performance bonuses but excludes equity compensation benefits and retirement lumpsum disclosed separately within employment costs.*

4 *The retrenchment costs in the prior year related to 16 posts that were made redundant during the prior year; as part of the group's COVID-19 austerity measures, the group implemented a voluntary retrenchment programme.*

10. NET FINANCE INCOME

Finance income and expense recognised in profit before income tax	2022 R'000	2021 R'000
Interest income on bank deposits	**12 619**	7 447
Interest income on financial assets measured at amortised cost	**706**	480
Interest income on lease receivable (refer note 17)	**–**	346
Interest income	**13 325**	8 273
Interest expense on financial liabilities measured at amortised cost	**(361)**	(22)
Interest on tax liability (refer note 11.2)	**(8 038)**	–
Interest expense on employee benefit liability (refer note 26)	**(496)**	(302)
Interest expense on lease liabilities (refer note 28)	**(3 683)**	(4 441)
Interest expense	**(12 578)**	(4 765)
Net interest income recognised in profit before income tax	**747**	3 508

11. INCOME TAX

		2022 R'000	Restated 2021* R'000
11.1 Income tax expense			
South African corporate income tax		**75 852**	38 930
Current	– current year	**71 153**	39 205
	– prior year under provision[1]	**17 559**	785
Deferred	– current year	**(7 656)**	203
	– prior year over provision	**(3 672)**	(1 263)
	– rate change	**(1 532)**	–
South African dividend withholding tax		**581**	–
Namibian corporate income tax		**298**	(28)
Current	– prior year under/(over) provision	**298**	(25)
Deferred	– prior year over provision	**–**	(3)
Namibian withholding tax	– prior year over provision	**–**	(25)
Dutch corporate income tax		**1 374**	1 394
Current	– current year	**2 045**	1 012
	– prior year (over)/under provision	**(419)**	190
Deferred	– current year	**(159)**	192
	– rate change	**(93)**	–
Dutch withholding tax		**3 160**	7 045
	– current year	**3 706**	2 935
	– prior year (over)/under provision[2]	**(546)**	4 110
Australian corporate tax		**63**	1 241
Deferred	– current year	**27**	1 241
	– rate change	**36**	–
Income tax expense		**81 328**	48 557
Total current corporate income tax		**90 636**	41 167
Total deferred corporate tax (refer note 18)		**(13 049)**	370
Total withholding taxes		**3 741**	7 020
Income tax expense		**81 328**	48 557

[1] *The prior year under provision includes R13.996 million relating to a tax dispute that was resolved during the year (refer note 11.2).*
[2] *The prior year under provision in respect of Dutch withholding tax in the prior year relates to an accrual for withholding taxes not deducted by franchisees on payments of franchise fees in foreign jurisdictions in previous years.*
* *Refer note 4.*

11. INCOME TAX continued

11.2 Income tax dispute in respect of 2004-2009 share incentive scheme - resolved during the year

As previously reported, SARS had previously issued additional assessments to wholly-owned subsidiary, Spur Group (Pty) Ltd (Spur Group), in respect of the 2005 to 2012 years of assessment totalling R22.034 million (comprising R13.996 million in additional income tax and R8.038 million in interest). The additional assessments were issued following the disallowance of a deduction claimed in respect of the 2004 share incentive scheme. The total of the additional assessments was paid in previous financial years. Following failed alternative dispute resolution proceedings, the matter was heard in the Income Tax Court in February 2018. The Income Tax Court found in favour of Spur Group, but SARS appealed the ruling. The appeal was heard by a full bench of the Income Tax Court on 29 July 2019 and judgement was issued on 26 November 2019 in favour of Spur Group to dismiss SARS' appeal and award costs to Spur Group. SARS appealed the ruling. The appeal was heard by the Supreme Court of Appeals (SCA) on 17 August 2021, with judgement handed down on 15 October 2021. The SCA upheld SARS' appeal, effectively ruling against Spur Group and issued its judgement against Spur Group. Consequently, the aforementioned tax and interest previously recognised as an asset have been charged to profit or loss as additional income tax and interest expense respectively in the current year. In terms of the judgement, Spur Group may be required to settle SARS' legal costs which have not yet been determined. The group has estimated SARS' legal costs based on its own costs incurred and accrued for these in the current year. Spur Group had applied for leave to appeal the SCA judgement to the Constitutional Court, but the request for appeal was denied by the Constitutional Court.

	2022 %	Restated 2021* %
11.3 Reconciliation of tax rate		
South African corporate income tax rate	**28.0**	28.0
Non-deductible bad debts	**–**	0.8
Non-deductible interest and penalties	**1.1**	–
Non-deductible listings related costs	**1.2**	2.1
Non-deductible/(non-taxable) fair value loss/(gain) on contingent consideration receivable	**0.3**	(0.2)
Non-deductible marketing expenditure	**24.5**	23.5
Non-deductible provision for lease obligation	**–**	1.4
Non-deductible retrenchment costs	**–**	0.6
Non-deductible other expenditure (capital items and items not in production of income)	**0.5**	1.6
Non-taxable gain on derecognition of lease liability	**–**	(1.3)
Non-taxable marketing income	**(24.7)**	(28.0)
Non-taxable reversal of impairment allowance for expected credit losses	**–**	(0.8)
Prior year under provision	**6.3**	2.6
Tax losses on which deferred tax asset not recognised	**0.2**	0.9
Tax losses utilised on which deferred tax not previously recognised	**–**	(0.1)
Tax on foreign attributed income not included in profit	**0.3**	–
Tax at rates other than corporate income tax rate	**0.1**	(0.2)
Tax rate change	**(0.8)**	–
Withholding taxes	**1.8**	2.0
Effective tax rate	**38.8**	32.9

* *Refer note 4.*

During the year, the South African Minister of Finance enacted a change in the corporate income tax rate from 28% to 27%. The change was substantively enacted prior to the reporting date, but is only effective for the group's South African entities for the financial year ending 30 June 2023 and thereafter. The group's local deferred tax balances at 30 June 2022 have been adjusted to reflect the reduced corporate income tax rate.

The statutory rates of tax applicable to group entities in the Netherlands, Australia and Namibia are 25.8% (2021: 25%), 25% (2021: 26%) and 32% respectively. The tax rate in the Netherlands operates on a sliding scale.

11. INCOME TAX continued

		2022 R'000	2021 R'000
11.4	**Tax losses**		
	Estimated group tax losses available for set-off against future taxable income	**27 274**	22 385

A deferred tax asset has not been recognised in respect of R27.269 million of these tax losses, which comprises predominantly losses incurred by foreign subsidiaries which continue to incur tax losses and there is no reasonable certainty that future taxable income will be earned against which these losses may be offset, prior to their expiration. A deferred tax asset has been recognised in respect of the remaining tax losses of R0.005 million.

R24.188 million of these tax losses are subject to restrictions on the periods for which the losses can be carried forward of five years, while the balance has no such restriction.

		2022 R'000	2021 R'000
11.5	**Tax (credited)/charged directly to equity**		
	Current tax on foreign exchange gain on net investments in foreign subsidiaries	**25**	21
	Deferred tax on equity-settled share-based payment[1]	**(155)**	(307)
	Total tax (credited)/charged directly to equity	**(130)**	(286)

[1] *The deferred tax credited to equity in respect of the equity-settled share-based payment is the amount of the deferred tax credit relating to the group's long-term share incentive schemes (refer note 24.4) that exceeds 28% of the share-based payment expense included in profit before income tax.*

12. EARNINGS PER SHARE

		2022 cents	Restated 2021* cents
12.1	**Statistics**		
	Basic earnings per share	**144.33**	110.24
	Diluted earnings per share	**143.80**	109.87
	Headline earnings per share	**144.22**	110.13
	Diluted headline earnings per share	**143.68**	109.76

* *Refer note 4.*

The earnings used for diluted earnings per share are the same as the earnings used for basic earnings per share, which equates to profit attributable to the owners of the company of R121.235 million (2021: R92.568 million) for the group.

12. EARNINGS PER SHARE continued

	2022 '000	2021 '000
12.2 Reconciliation of shares in issue to weighted average and dilutive weighted average number of ordinary shares		
Shares in issue at beginning of year	**90 997**	90 997
Shares repurchased at beginning of year (refer note 24.2)	**(7 029)**	(7 029)
Shares repurchased during the year weighted for period held by the group (refer note 24.2)	**(80)**	–
Shares issued during the year weighted for period in issue (refer note 24.4)	**109**	–
Weighted average number of ordinary shares in issue for the year	**83 997**	83 968
Dilutive potential ordinary shares weighted for period outstanding (refer note 24.4)	**313**	285
Dilutive weighted average number of shares in issue for the year	**84 310**	84 253

	2022 R'000	Restated 2021* R'000
12.3 Reconciliation of headline earnings		
Profit attributable to owners of the company	**121 235**	92 568
Profit on disposal of property, plant and equipment	**(98)**	(94)
Headline earnings	**121 137**	92 474

R'000	Gross	Income tax	Non-controlling interests	Attributable to owners of the company
2022				
Profit on disposal of property, plant and equipment	**(125)**	**27**	**–**	**(98)**
	(125)	**27**	**–**	**(98)**
2021				
Profit on disposal of property, plant and equipment	(131)	37	–	(94)
	(131)	37	–	(94)

* *Refer note 4.*

13. PROPERTY, PLANT AND EQUIPMENT

R'000	Land and buildings	Leasehold improve-ments	Furniture and fittings	Plant, equipment and vehicles	Computer equipment	Total
2022						
COST						
Balance at 1 July 2021	**77 911**	**15 990**	**15 566**	**27 210**	**24 772**	**161 449**
Additions	**–**	**1 883**	**1 601**	**2 756**	**1 757**	**7 997**
Disposals	**–**	**–**	**–**	**(175)**	**(875)**	**(1 050)**
Balance at 30 June 2022	**77 911**	**17 873**	**17 167**	**29 791**	**25 654**	**168 396**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
Balance at 1 July 2021	**(5 999)**	**(8 889)**	**(11 539)**	**(19 040)**	**(22 025)**	**(67 492)**
Disposals	**–**	**–**	**–**	**97**	**725**	**822**
Depreciation	**(667)**	**(1 918)**	**(1 607)**	**(3 270)**	**(1 748)**	**(9 210)**
Balance at 30 June 2022	**(6 666)**	**(10 807)**	**(13 146)**	**(22 213)**	**(23 048)**	**(75 880)**
CARRYING AMOUNT						
Balance at 1 July 2021	**71 912**	**7 101**	**4 027**	**8 170**	**2 747**	**93 957**
Additions	**–**	**1 883**	**1 601**	**2 756**	**1 757**	**7 997**
Disposals	**–**	**–**	**–**	**(78)**	**(150)**	**(228)**
Depreciation	**(667)**	**(1 918)**	**(1 607)**	**(3 270)**	**(1 748)**	**(9 210)**
Balance at 30 June 2022	**71 245**	**7 066**	**4 021**	**7 578**	**2 606**	**92 516**
2021						
COST						
Balance at 1 July 2020	77 911	15 941	17 005	32 799	25 558	169 214
Additions	–	49	220	567	1 099	1 935
Disposals	–	–	(1 659)	(6 156)	(1 868)	(9 683)
Effect of foreign exchange fluctuations	–	–	–	–	(17)	(17)
Balance at 30 June 2021	77 911	15 990	15 566	27 210	24 772	161 449
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
Balance at 1 July 2020	(5 332)	(7 088)	(11 444)	(21 954)	(21 214)	(67 032)
Disposals	–	–	1 659	6 156	1 868	9 683
Depreciation	(667)	(1 801)	(1 754)	(3 242)	(2 696)	(10 160)
Effect of foreign exchange fluctuations	–	–	–	–	17	17
Balance at 30 June 2021	(5 999)	(8 889)	(11 539)	(19 040)	(22 025)	(67 492)
CARRYING AMOUNT						
Balance at 1 July 2020	72 579	8 853	5 561	10 845	4 344	102 182
Additions	–	49	220	567	1 099	1 935
Depreciation	(667)	(1 801)	(1 754)	(3 242)	(2 696)	(10 160)
Balance at 30 June 2021	71 912	7 101	4 027	8 170	2 747	93 957

Additions for the current year include the fit-out of a pilot proof of concept, Modrockers, retail company store and the refurbishment of The Hussar Grill Morningside.

14. RIGHT-OF-USE ASSETS

R'000	Property	Vehicles	Plant and equipment	Total
2022				
Balance at 1 July 2021 - net carrying amount	**30 882**	**5 120**	**–**	**36 002**
Additions (refer note 28)	**1 418**	**819**	**–**	**2 237**
Depreciation	**(6 361)**	**(4 150)**	**–**	**(10 511)**
Re-measurement of right-of-use assets (refer note 28)	**(2 155)**	**1 979**	**–**	**(176)**
Derecognition on early termination of leases	**–**	**–**	**–**	**–**
Cost	**–**	**(1 553)**	**–**	**(1 553)**
Accumulated depreciation	**–**	**1 553**	**–**	**1 553**
Effect of foreign exchange fluctuations	**3**	**–**	**–**	**3**
Cost	**40**	**–**	**–**	**40**
Accumulated depreciation	**(37)**	**–**	**–**	**(37)**
Balance at 30 June 2022 - net carrying amount	**23 787**	**3 768**	**–**	**27 555**
Cost	**42 253**	**14 566**	**–**	**56 819**
Accumulated depreciation	**(18 466)**	**(10 798)**	**–**	**(29 264)**
2021				
Balance at 1 July 2020 - net carrying amount	27 781	13 587	553	41 921
Additions (refer note 28)	–	342	–	342
Depreciation	(6 035)	(4 121)	(253)	(10 409)
Re-measurement of right-of-use assets (refer note 28)	7 037	(63)	–	6 974
Reclassification	4 606	(4 606)	–	–
Derecognition on early termination of leases	(2 457)	(19)	(300)	(2 776)
Cost	(4 132)	(136)	(829)	(5 097)
Accumulated depreciation	1 675	117	529	2 321
Effect of foreign exchange fluctuations	(50)	–	–	(50)
Cost	(73)	–	–	(73)
Accumulated depreciation	23	–	–	23
Balance at 30 June 2021 - net carrying amount	30 882	5 120	–	36 002
Cost	42 950	13 321	–	56 271
Accumulated depreciation	(12 068)	(8 201)	–	(20 269)

All leased assets are situated in South Africa, with the exception of two property leases, one each in Namibia and The Netherlands.

The additions in the current year relate primarily to a new property lease for the premises of a pilot restaurant concept and *ad hoc* vehicle lease renewals. The additions to vehicles in the current and prior year relate to *ad hoc* vehicle lease renewals.

The remeasurement to properties in the current year relates predominantly to a retail company store where the group had previously assessed that it was highly likely that a renewal option would be exercised, but has re-evaluated that assessment in the current year to determine that it is not highly likely. The remeasurement to vehicles relates to a number of extensions of the vehicle leases beyond the original lease term, during the current year.

The early terminations in the current year related to certain of the group's vehicle leases which were terminated earlier than the three year period. The early terminations in the prior year related predominantly to the group's Johannesburg corporate office where the leases of parts of the existing premises were terminated as part of the group's COVID-19 austerity measures; the term of the lease of the remaining parts of the existing premises were extended resulting in the remeasurement of the corresponding right-of-use asset.

The reclassification in the prior year related to the correction of an incorrect classification of the cost of a property lease as vehicles.

15. INTANGIBLE ASSETS AND GOODWILL

R'000	Trademarks and intellectual property	Goodwill	Software licences	Total
2022				
COST				
Balance at 1 July 2021	**290 915**	**81 357**	**11 287**	**383 559**
Additions	**–**	**–**	**48**	**48**
Balance at 30 June 2022	**290 915**	**81 357**	**11 335**	**383 607**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
Balance at 1 July 2021	**(2 032)**	**(10 234)**	**(5 891)**	**(18 157)**
Amortisation	**–**	**–**	**(1 150)**	**(1 150)**
Balance at 30 June 2022	**(2 032)**	**(10 234)**	**(7 041)**	**(19 307)**
CARRYING AMOUNT				
Balance at 1 July 2021	**288 883**	**71 123**	**5 396**	**365 402**
Additions	**–**	**–**	**48**	**48**
Amortisation	**–**	**–**	**(1 150)**	**(1 150)**
Balance at 30 June 2022	**288 883**	**71 123**	**4 294**	**364 300**
2021				
COST				
Balance at 1 July 2020	290 915	81 357	10 168	382 440
Additions	–	–	1 119	1 119
Balance at 30 June 2021	290 915	81 357	11 287	383 559
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
Balance at 1 July 2020	(2 032)	(10 234)	(4 921)	(17 187)
Amortisation	–	–	(970)	(970)
Balance at 30 June 2021	(2 032)	(10 234)	(5 891)	(18 157)
CARRYING AMOUNT				
Balance at 1 July 2020	288 883	71 123	5 247	365 253
Additions	–	–	1 119	1 119
Amortisation	–	–	(970)	(970)
Balance at 30 June 2021	288 883	71 123	5 396	365 402

None of the above intangible assets are internally generated.

15. INTANGIBLE ASSETS AND GOODWILL continued

15.1 Trademarks and intellectual property

Trademarks and intellectual property consists of the Spur, Panarottis, John Dory's, The Hussar Grill, RocoMamas and Nikos trademarks and related intellectual property. The directors evaluated the indefinite useful life assumption of the assets at the reporting date and concluded that there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the group (refer note 3.1.5).

	2022 R'000	2021 R'000
The carrying amounts of the trademarks and intellectual property intangible assets with indefinite useful lives are allocated to the following cash-generating units:		
Spur Franchise operations	**230 475**	230 475
Panarottis Franchise operations	**32 925**	32 925
John Dory's Franchise operations	**8 465**	8 465
The Hussar Grill Franchise operations	**9 904**	9 904
RocoMamas Franchise operations	**7 114**	7 114
Nikos Franchise operations – net carrying amount	**–**	–
Gross carrying amount	**2 032**	2 032
Impairment	**(2 032)**	(2 032)
Total carrying amount	**288 883**	288 883

15.2 Goodwill

	2022 R'000	2021 R'000
For the purposes of impairment testing, goodwill is allocated to the following cash-generating units:		
John Dory's Franchise operations	**178**	178
The Hussar Grill Franchise operations	**13 870**	13 870
RocoMamas Franchise operations	**43 102**	43 102
Nikos Franchise operations – net carrying amount	**–**	–
Gross carrying amount	**3 722**	3 722
Impairment	**(3 722)**	(3 722)
The Hussar Grill retail operations*	**13 973**	13 973
Total carrying amount	**71 123**	71 123

** This comprises three cash-generating units, namely The Hussar Grills in Camps Bay, Rondebosch and Mouille Point, all in the Western Cape.*

15. INTANGIBLE ASSETS AND GOODWILL continued

15.3 Impairments of trademarks and intellectual property and goodwill

In accordance with the group's accounting policies, impairment tests on intangible assets with indefinite useful lives and goodwill are performed at every reporting date irrespective of whether an indication of impairment exists. The recoverable amounts of the cash-generating units to which the trademarks and intellectual property and goodwill are allocated have been determined based on their values-in-use. Given the nature of the franchise and retail restaurant business, it is submitted that the fair values less costs to sell of the cash-generating units are unlikely to differ significantly from their values-in-use.

In determining the values-in-use of the cash-generating units, the following key assumptions have been applied, which are based largely on approved budgets for the 2023 financial year as a starting point. The approved budgets for the 2023 financial year assume no further trading restrictions relating to COVID-19 and therefore a "return to normal" pre-COVID-19 trade (adjusted for inflation). Forecasts beyond the 2023 financial year are largely inflation-related, with organic growth consistent with past experience (prior to the COVID-19 pandemic):

Franchise operations

- Cash inflows comprise mainly franchise-related fee income determined as a percentage of franchised restaurant sales. Budgeted 2023 restaurant sales are based on actual sales achieved in the 2022 financial year, adjusted for inflation and expected organic growth (based on past experience), and adjusted to exclude the impact of COVID-19 trading restrictions and the civil unrest experienced in South Africa in July 2021. Restaurant sales for existing businesses have been forecast to increase at 6% per annum, which is the top end of the targeted South African inflation rate range of between 3% and 6%, from the 2024 financial year onwards, while the contribution of new restaurants to revenue has been determined based on past experience and taking into consideration the potential for organic growth of each brand.
- Cash outflows for the 2023 financial year are estimated based on approved budgets, taking actual costs incurred for the 2019 (the last financial year prior to COVID-19) and 2022 (most recent) financial years into account, adjusted for known changes, and increased by inflation. Operating costs comprise predominantly employment-related costs. Employment-related costs have been budgeted to increase by approximately 6.5% for the 2023 financial year. Overhead costs have been forecast to increase by inflation of 5% for the forecast horizon beyond the 2023 financial year, being slightly above the mid-point of the South African Reserve Bank's targeted inflation rate range of 3% to 6%, while employment-related costs have been forecast to increase by 6.0% (2021: 6.5%) per annum for the same period. Adjustments have been made for known capacity changes required to support the forecasted growth in revenue.
- Growth in perpetuity of cash flows beyond the five-year forecast horizon is estimated at 4.5% (2021: 4.5%), being the mid point in the targeted inflation rate range.
- After-tax cash flows are discounted at an after-tax discount rate of 18.1% (2021: 18.1%), being the weighted average cost of capital of the company adjusted for risk factors specific to the cash-generating units. While interest rates have increased relative to the prior year, the forecasting risk has declined as, post-COVID-19, cash flows can be predicted with a greater confidence level than in the prior year. This has resulted in the discount rate remaining largely unchanged from the prior year. The equivalent pre-tax discount rates equate to:

	2022 %	2021 %
Spur Franchise operations	**23.4**	23.5
Panarottis Franchise operations	**23.2**	23.3
John Dory's Franchise operations	**23.2**	23.2
The Hussar Grill Franchise operations	**23.0**	23.0
RocoMamas Franchise operations	**23.2**	23.2
Nikos Franchise operations	**22.8**	23.2

15. INTANGIBLE ASSETS AND GOODWILL continued

15.3 Impairments of trademarks and intellectual property and goodwill continued

Retail operations

- Cash inflows comprise predominantly restaurant sales. Budgeted 2023 restaurant sales have been based on actual sales achieved in the 2022 financial year, adjusted for inflation and adjusted to exclude the impact of COVID-19 trading restrictions. Restaurant sales thereafter have been forecast to grow by 6% per annum which is at the top end of the targeted South African inflation rate range of between 3% and 6%.
- Cash outflows for the 2023 financial year and beyond were based on approved budgets for the 2022 financial year as detailed below.
- Variable costs are projected based on the percentages of revenue that have historically been achieved in the respective businesses.
- Semi-variable costs are adjusted in part for anticipated inflation and in part by the change in anticipated turnover.
- Fixed costs are estimated to increase at 5% per annum, being slightly higher than the mid-point of the targeted South African inflation rate range of between 3% and 6%.
- Rental costs are forecast in accordance with the lease agreements.
- Growth in perpetuity of cash flows beyond the five year forecast horizon is estimated at 4.5% (2021: 4.5%), being the mid-point in the targeted inflation rate range.
- After-tax cash flows are discounted at an after-tax discount rate of 20.1% (2021: 19.1%), being the weighted average cost of capital of the company adjusted for risk factors specific to the cash-generating units. The increase in the discount rate is largely as a result of the increase in interest rates during the year. The equivalent pre-tax discount rates equate to:

	2022 %	2021 %
The Hussar Grill Camps Bay	**25.8**	24.1
The Hussar Grill Mouille Point	**26.2**	24.5
The Hussar Grill Rondebosch	**26.4**	24.3

Conclusion and sensitivity analysis

Based on the value-in-use calculations prepared on the assumptions detailed above, no further impairments for either trademarks and intellectual property or goodwill are required as at the reporting date.

Two key variable assumptions that impact most significantly on the calculation of the recoverable amounts are the discount rate and growth in restaurant turnovers. It is unlikely that any reasonable, likely change in these two key assumptions will result in a different conclusion.

16. LOANS RECEIVABLE

	2022 R'000	2021 R'000
Total gross carrying amount	12 209	14 310
Impairment allowance	(11 262)	(11 989)
Opening impairment allowance	(11 989)	(17 115)
Current year impairment allowance	(395)	(881)
Reversal of impairment allowance	188	855
Effect of foreign exchange fluctuations	(376)	1 152
Impairment allowance reversed against actual write off	1 310	4 000
Total net carrying amount	947	2 321
Current portion included in current assets	597	1 359
Non-current portion included in non-current assets	350	962

Further details regarding the calculation of the impairment allowances for expected credit losses are included in note 41.3.1.

16.1 Avecor Investments Pty Ltd trading as Panarottis Tuggerah

	2022 R'000	2021 R'000
Gross carrying amount	–	–
Impairment allowance	–	–
Opening impairment allowance	–	(4 165)
Impairment allowance reversed against actual write off	–	4 000
Effect of foreign exchange fluctuations	–	165
Net carrying amount	–	–

This loan was previously advanced to an Australian franchisee. The loan was secured by a pledge of shares in the borrower and personal suretyship of the borrower's shareholder. The entity had previously been unable to honour its commitments in terms of the loan as a result of deteriorating trading conditions in Australia, exacerbated by COVID-19. As a result of the entity's poor financial performance, the shares serving as security were considered to have negligible value. Accordingly, an allowance for ECLs had been raised in respect of the full loan prior to the 2021 financial year. During the prior year, the loan (with a value of R4.075 million) was formally forgiven, in exchange for the franchisee agreeing to terminate its franchise agreement prematurely.

16.2 Franchisees (other Australia)

	2022 R'000	2021 R'000
Gross carrying amount	2 602	3 759
Impairment allowance	(2 602)	(3 759)
Opening impairment allowance	(3 759)	(4 154)
Current year impairment allowance	–	(33)
Impairment allowance reversed against actual write off	1 310	–
Effect of foreign exchange fluctuations	(153)	428
Net carrying amount	–	–

The balance relates to the loans to the franchisees of the Panarottis In Wanneroo and Apache Spur in Willetton and are denominated in Australian dollars.

The loan to the franchisee of Panarottis Wanneroo amounted to AU$118 683 at the previous reporting date. The franchisee had previously defaulted on the loan and the loan was consequently fully impaired prior to the 2021 financial year. The franchisee ceased trading in the current year and the loan has consequently been written off in the current year. The cumulative impairment allowance for expected credit losses previously raised has been reversed against the actual credit loss incurred in the year.

The loan to the franchisee of Apache Spur amounts to AU$231 484 (2021: AU$231 484) at the reporting date. The franchisee had previously defaulted on the loan and the loan was consequently fully impaired prior to the 2021 financial year. During the prior year, the franchisee commenced with voluntary liquidation proceedings. The prospects of recovering any amount of the loan is considered negligible. Also refer note 17 regarding a lease receivable with the entity.

16. LOANS RECEIVABLE continued

		2022 R'000	2021 R'000
16.3	**Franchisees (local)**		
	Gross carrying amount	**1 144**	2 320
	Impairment allowance	**(197)**	(221)
	Opening impairment allowance	**(221)**	(670)
	Reversal of impairment allowance	**24**	449
	Net carrying amount	**947**	2 099
	Current portion included in current assets	**597**	1 137
	Non-current portion included in non-current assets	**350**	962

The loans to franchisees bear interest at between the prime overdraft rate of interest and 2% above the prime overdraft rate of interest. Repayment terms are between one and five years. The loans are secured by way of, *inter alia,* personal suretyships from the owners of the respective franchises.

		2022 R'000	2021 R'000
16.4	**Hunga Busters Pty Ltd***		
	Gross carrying amount	**4 856**	4 637
	Impairment allowance	**(4 856)**	(4 637)
	Opening impairment allowance	**(4 637)**	(5 167)
	Effect of foreign exchange fluctuations	**(219)**	530
	Net carrying amount	**–**	–

This loan arose on the disposal of two former retail company restaurants in Australia by the group to the borrower during the 2015 financial year. The loan is denominated in Australian dollars with a gross carrying amount of AU$431 983 (2021: AU$431 983). The loan is secured by a personal suretyship of the shareholder of the borrower and a pledge of the shares in the borrowing entity. The borrower had previously defaulted on the loan and the loan was consequently fully impaired prior to the 2021 financial year. During the prior year, the entity commenced with liquidation proceedings. The prospects of recovering any amount of the loan is considered negligible.

		2022 R'000	2021 R'000
16.5	**KG Holdings Family Trust**		
	Gross carrying amount	**3 607**	3 212
	Impairment allowance	**(3 607)**	(3 212)
	Opening impairment allowance	**(3 212)**	(2 364)
	Current year impairment allowance	**(395)**	(848)
	Net carrying amount	**–**	–

The receivable arose from the disposal of the Captain DoRegos business by the group to the borrower in the 2018 financial year. The receivable is payable in equal monthly instalments over 48 months commencing from 1 June 2018 and bears interest at the prime overdraft rate of interest. The receivable is secured by a personal guarantee from the purchaser and a trust which holds immovable property.

The borrower previously defaulted on the loan. The financial status of the borrower was negatively impacted by COVID-19 trading restrictions and it is considered unlikely that any significant amount will be recoverable. The loan was accordingly fully impaired in the prior year.

* *Related party. Refer note 43.*

16. LOANS RECEIVABLE continued

	2022 R'000	2021 R'000
16.6 Pierre van Tonder*		
Gross carrying amount	–	–
Impairment allowance	–	–
Opening impairment allowance	–	(139)
Reversal of impairment allowance	–	139
Net carrying amount	–	–

This loan of R2.2 million was granted to Mr Van Tonder in January 2020. The loan was subject to interest at the prime overdraft rate of interest and was secured over Mr Van Tonder's provident fund and group life cover. The loan was originally repayable in equal monthly instalments of R100 000 from July 2020. During the prior year, the group concluded a mutual separation agreement with the former group CEO as detailed in note 26, which modified the terms of the original loan, such that the full amount of the loan of R2.2 million was deductible from the amount owing to Mr Van Tonder in terms of the mutual separation agreement.

	2022 R'000	2021 R'000
16.7 White Cloud Restaurant Pty Ltd		
Gross carrying amount	–	382
Impairment allowance	–	(160)
Opening impairment allowance	(160)	(456)
Reversal of impairment allowance	164	267
Effect of foreign exchange fluctuations	(4)	29
Net carrying amount	–	222
Current portion included in current assets	–	222
Non-current portion included in non-current assets	–	–

This loan was denominated in Australian dollars with a gross carrying amount of AU$nil (2021: AU$35 549) at the reporting date. The entity operates a Spur restaurant in New Zealand. A former director, Mr Mark Farrelly owns 95% of the franchisee. The loan was previously advanced to assist the franchisee in funding the fit-out costs of the group's first franchised restaurant in New Zealand. The loan was subject to interest at a fixed 4.5% per annum and was repayable by 30 June 2021. The loan was settled in full during the current year.

* *Related party. Refer note 43.*

17. LEASE RECEIVABLE

	2022 R'000	2021 R'000
Balance at beginning of year – net carrying amount	–	–
Gross carrying amount	–	7 141
Impairment allowance	–	(7 141)
Interest income for the year (refer note 10)	–	346
Lease payments made by sublessee directly to lessor during the year (refer note 28)	–	(1 597)
Prior year impairment reversal	–	8 263
Write off	–	(7 012)
Balance at end of year – net carrying amount	–	–

The group had previously leased the premises of a restaurant in Australia (Apache Spur – refer note 28) which it in turn sublet to the franchisee of the restaurant in question. The lease between the group and the franchisee was classified as a finance lease. The group had recognised a lease liability in respect of the lease with the landlord and a corresponding lease receivable from the franchisee. Following the commencement of liquidation proceedings of the sublessee during the prior year, the group has formally written off the lease receivable. An allowance for ECLs for the full receivable had been raised in previous years as a result of regular non-compliance with the sublease and was reversed against the actual credit loss in the prior year.

18. DEFERRED TAX

R'000	Balance at beginning of year	Recognised in profit or loss	Recognised in other comprehensive Income[1]	Recognised directly in equity (retained earnings)	Balance at end of year
2022					
Accruals	191	504	–	–	695
Contract liabilities	7 976	(483)	18	–	7 511
Income received in advance	416	771	1	–	1 188
Intangible assets	(67 629)	2 415	–	–	(65 214)
Inventory	407	(112)	–	–	295
Lease liabilities	11 458	(2 139)	–	–	9 319
Leave pay accrual	2 122	(181)	–	–	1 941
Leave pay receivable	(17)	17	–	–	–
Long-term employee benefits	4 425	(1 244)	–	155[2]	3 336
Prepaid expenses	(740)	271	–	–	(469)
Property, plant and equipment	68	(79)	–	–	(11)
Right-of-use assets	(9 053)	2 584	–	–	(6 469)
Short-term employee incentives	1 309	6 231	–	–	7 540
Trade receivables	(2 563)	4 826	3	–	2 266
Unutilised tax losses	332	(332)	–	–	–
Total net deferred tax liability	**(51 298)**	**13 049**	**22**	**155**	**(38 072)**

[1] *Relates to foreign currency translation differences for foreign operations.*
[2] *Refer note 11.5.*

18. DEFERRED TAX continued

R'000	Balance at beginning of year	Recognised in profit or loss	Recognised in other comprehensive Income[1]	Recognised directly in equity (retained earnings)	Balance at end of year
Restated 2021*					
Accruals	164	27	–	–	191
Contract liabilities	9 467	(1 084)	(407)	–	7 976
Lease receivable	1 025	(984)	(41)	–	–
Income received in advance	1 201	(765)	(20)	–	416
Intangible assets	(67 629)	–	–	–	(67 629)
Inventory	–	–	–	–	407
Lease liabilities	21 670	(10 211)	(1)	–	11 458
Leave pay accrual	1 329	800	(7)	–	2 122
Leave pay receivable	(240)	223	–	–	(17)
Long-term employee benefits	1 002	3 116	–	307[2]	4 425
Prepaid expenses	(1 161)	421	–	–	(740)
Property, plant and equipment	167	(99)	–	–	68
Right-of-use assets	(20 808)	11 755	–	–	(9 053)
Short-term employee incentives	242	1 067	–	–	1 309
Trade receivables	2 540	(5 058)	(45)	–	(2 563)
Unutilised tax losses	–	322	–	–	332
Total net deferred tax liability	(51 031)	(792)	(521)	307	(51 298)

[1] *Relates to foreign currency translation differences for foreign operations.*
[2] *Refer note 11.5.*
* *Refer note 4.*

R'000	Deferred tax asset 2022	Deferred tax asset 2021	Deferred tax liability 2022	Deferred tax liability 2021
The deferred tax asset/(liability) comprises deductible/(taxable) temporary differences relating to:				
Accruals	**20**	–	**675**	191
Contract liabilities	**4 069**	2 623	**3 442**	5 353
Income received in advance	**293**	292	**895**	124
Intangible assets	**(1 921)**	–	**(63 293)**	(67 629)
Lease liabilities	**3 814**	2 521	**5 505**	8 937
Leave pay accrual	**254**	103	**1 687**	2 019
Leave pay receivable	**–**	–	**–**	(17)
Long-term employee benefits	**–**	–	**3 336**	4 425
Inventory	**–**	–	**295**	407
Prepaid expenses	**(118)**	(22)	**(351)**	(718)
Property, plant and equipment	**192**	275	**(203)**	(207)
Right-of-use assets	**(3 452)**	(1 993)	**(3 017)**	(7 060)
Short-term employee incentives	**684**	20	**6 856**	1 289
Trade receivables	**783**	169	**1 483**	(2 732)
Unutilised tax losses	**–**	–	**–**	332
	4 618	3 988	**(42 690)**	(55 286)

19. INVENTORIES

	2022 R'000	Restated 2021* R'000
Raw materials	**2 438**	3 264
Packaging	**902**	666
Finished goods[1]	**9 114**	7 688
Finished goods (outsourced distributor)[2]	**85 238**	64 477
Total inventories	**97 692**	76 095
Cost of inventory expense included in cost of sales	**1 528 083**	1 163 600

[1] *Finished goods includes manufactured décor and sauces for sale to franchisees, food items for resale in retail company stores and goods purchased for resale to foreign franchisees by the group's export division.*

[2] *Finished goods (outsourced distributor) are goods held by the group's outsourced distributor for sale to the group's franchisees. As the group has assessed that it acts as principal in relation to the sales of the inventory to franchisees (refer note 3.1.4), the group has recognised the inventory with a corresponding payable to the outsourced distributor (refer note 30).*

* *Refer note 4.*

20. TAX RECEIVABLE

	2022 R'000	2021 R'000
Withholding tax credits[1]	**2 272**	3 893
Prepayment of income tax relating to tax dispute 2004-2009 Share incentive scheme dispute (refer note 11.2)	**–**	22 034
Excess/(deficit) of provisional tax payments relative to estimated taxable income of subsidiaries	**53**	(759)
Total tax receivable at end of year	**2 325**	25 168

[1] *The withholding tax credits accrue to wholly-owned subsidiary, Steak Ranches International BV (SRIBV), the group's franchisor for restaurants outside of South Africa, and relate largely to taxes withheld in African jurisdictions. The withholding tax credits may be utilised by SRIBV to reduce future corporate tax payable in The Netherlands on franchise-related taxable income in future years. Total withholding tax credits available to SRIBV at the reporting date amounted to R18.557 million (2021: R29.616 million), in respect of which an asset of R2.272 million (2021: R3.893 million) has been recognised and no asset has been recognised for the remaining balance of R16.285 million (2021: R25.723 million).*

21. TRADE AND OTHER RECEIVABLES

	2022 R'000	2021 R'000
Gross trade receivables	**104 009**	79 042
Impairment allowance[1]	**(9 090)**	(6 896)
Opening impairment allowance	**(6 896)**	(9 614)
(Increase)/reduction in impairment allowance for the year	**(2 477)**	2 968
Effect of foreign exchange fluctuations	**283**	(250)
Net trade receivables	**94 919**	72 146
Insurance receivable[2]	**–**	14 773
Prepayments	**4 755**	5 466
Deposits	**1 038**	1 038
Employee loans (net of impairment allowance)	**41**	55
VAT and other indirect taxes receivable	**599**	439
Leave pay receivable	**–**	61
Total trade and other receivables	**101 352**	93 978

Trade receivables include receivables from related parties of R2.253 million (2021: R2.686 million) that arise in the ordinary course of business in respect of the transactions recorded in note 43. No individual receivable is significant and the terms of the receivables are the same as those for receivables with parties who are not related.

1 *The impairment allowance is determined using the expected credit loss (ECL) approach. The group has applied the simplified approach and determined the ECLs based on lifetime ECLs. Refer note 41.3.1 for more details on accounting for ECLs.*

2 *The insurance receivable related to the business interruption insurance proceeds received during the current year as compensation for COVID-19-related loss of profits attributable to the group's retail company stores (refer note 8).*

22. CONTINGENT CONSIDERATION RECEIVABLE

	2022 R'000	2021 R'000
The movement in the receivable during the year was as follows:		
Balance at beginning of year	**4 047**	2 966
Fair value (loss)/gain recognised in profit or loss	**(2 525)**	901
Reversal of impairment allowance	**72**	180
Balance at end of year	**1 594**	4 047
Current portion included in current assets	**1 594**	4 047
Gross receivable	**1 648**	4 173
Impairment allowance	**(54)**	(126)

The purchase consideration for 51% of Nikos Coalgrill Greek (Pty) Ltd (Nikos), acquired on 1 August 2018, was initially determined as five times Nikos' profit before interest, tax, depreciation and amortisation (EBITDA) of the third year following the date of acquisition (i.e. from August 2020 to July 2021). An initial amount of R5.012 million was paid to the sellers on the acquisition date and the contingent consideration receivable previously reflected the estimated amount repayable by the sellers to the group following the finalisation of the financial performance of the business to July 2021. During the current year, following the passing of one of the founders of the brand, and in consideration of the impact of COVID-19 on the business, the group extended the period of the purchase price determination by 12 months, such that the total purchase consideration is now calculated as five times EBITDA for the period August 2021 to July 2022.

The total purchase consideration over the original three-year period was estimated at R6.112 million as at the acquisition date, the present value of which was R4.468 million as at the acquisition date. A contingent consideration receivable (of the difference between the estimated purchase consideration and the cash paid of R5.012 million) was accordingly recognised at fair value at the acquisition date of R0.544 million.

22. CONTINGENT CONSIDERATION RECEIVABLE continued

As at the reporting date, the total expected purchase consideration had decreased to R3.331 million (2021: R0.771 million), as the brand has not performed in line with the group's original expectations. The group is accordingly entitled to a refund of an estimated R1.669 million on finalisation of the determination of EBITDA for the 12 months to 31 July 2022 (2021: R4.229 million on determination of EBITDA for the 12 months to 31 July 2021). A receivable for the present value of this refund has therefore been recognised, net of an impairment allowance for ECLs. The current year fair value charge arises as a result of the increase in the contingent purchase consideration (relative to the prior year) following an improvement in the brand's trading performance after the COVID-19 pandemic.

Fair value measurement

Refer note 41.2.

23. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2022 R'000	Restated 2021* R'000
Cash and cash equivalents		
Current, call and short-term deposit accounts	**290 696**	260 870
Restricted cash		
Current, call and short-term deposit accounts	**64 381**	11 998
Total cash and cash equivalents	**355 077**	272 868

Restricted cash relates to:

– Surplus funds in the marketing funds: These funds are identified as "restricted" cash balances as the funds are not available for general use by the group but are only available to fund future marketing costs in accordance with franchise agreements concluded between the group and its franchisees (refer note 3.1.1).
– Unredeemed gift vouchers: Funds held by the group in respect of unredeemed gift vouchers are, in accordance with the applicable legislation, held in custody on behalf of the gift voucher holders until the date of expiration, and are accordingly treated as restricted cash as they are not available for general use by the group.

* *Refer note 4.*

24. CAPITAL AND RESERVES

24.1 Ordinary share capital

	Number of shares 2022 '000	Number of shares 2021 '000	2022 R'000	2021 R'000
Authorised				
Ordinary shares of 0.001 cents each	**201 000**	201 000	**2**	2
Issued and fully paid				
Gross number of shares in issue at reporting date	**90 997**	90 997	**1**	1
Cumulative shares repurchased by subsidiaries	**(1 888)**	(596)	**–**	–
Cumulative shares held by The Spur Management Share Trust (consolidated structured entity)	**(5 933)**	(5 933)	**–**	–
Cumulative shares held by The Spur Foundation Trust (consolidated structured entity)	**(500)**	(500)	**–**	–
Net number of shares in issue at reporting date	**82 676**	83 968	**1**	1

The ordinary shares have equal rights to dividends declared by the company.

In terms of the company's Memorandum of Incorporation, the unissued shares of the company may be issued by the directors of the company only with the approval of the shareholders by way of an ordinary resolution passed at a general meeting. No such authority has been granted.

The company does not have any unlisted shares.

24.2 Shares repurchased

Shares repurchased by subsidiaries

During the year, a wholly-owned subsidiary of the company, Share Buy-back (Pty) Ltd, acquired 1 475 000 Spur Corporation Ltd shares at an average cost of R20.16 per share, totalling R29.734 million.

183 200 shares held by a wholly-owned subsidiary of the company, Spur Group (Pty) Ltd, in escrow on behalf of participants of the Spur Group Forfeitable Share Plan (refer note 24.4), were vested with participants (refer note 24.4) during the year.

At the reporting date, the group owned 1 887 387 (2021: 595 587) Spur Corporation Ltd treasury shares, held by Share Buy-back (Pty) Ltd and Spur Group (Pty) Ltd.

The balance per the statement of financial position comprises the cost of the Spur Corporation Ltd shares that have been repurchased by subsidiaries, Share Buy-back (Pty) Ltd and Spur Group (Pty) Ltd, those held by The Spur Management Share Trust, a consolidated structured entity, for the purposes of the group's share incentive schemes (refer note 24.4) and those held by The Spur Foundation Trust, a consolidated structured entity. At the reporting date, the entities in question held 8 320 498 (2021: 7 028 698) of the company's shares in aggregate.

24.3 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as foreign exchange gains/losses relating to loans that are considered part of the net investments in foreign operations.

24. CAPITAL AND RESERVES continued

24.4 Share-based payments reserve

	2022 R'000	2021 R'000
Balance at beginning of year	**4 751**	3 473
Share-based payments expense for the year	**6 309**	1 278
FSP – November 2018 tranche	**204**	1 004
FSP – November 2019 tranche	**616**	1 320
SAR – November 2019 tranche	**–**	(1 046)
FSP – October 2021 tranche	**1 235**	–
SAR – October 2021 tranche	**4 254**	–
Transfer to retained earnings on vesting of shares/rights	**(2 812)**	–
Balance at end of year	**8 248**	4 751
Comprising:		
FSP – November 2018 tranche	**–**	2 608
FSP – November 2019 tranche	**2 759**	2 143
FSP – October 2021 tranche	**1 235**	–
SAR – October 2021 tranche	**4 254**	–

	2022		2021	
Number of shares/rights in issue	**FSP shares**	**SAR rights**	FSP shares	SAR rights
Balance at beginning of year	**416 347**	**5 040 492**	422 347	6 050 224
Granted during the year	**373 459**	**2 409 745**	–	–
Forfeited/lapsed during the year	**(58 866)**	**(3 262 386)**	(6 000)	(1 009 732)
Vested during the year	**(183 200)**	**–**	–	–
Balance at end of year	**547 740**	**4 187 851**	416 347	5 040 492
Comprising:				
November 2018 tranche	**–**	**–**	196 200	2 655 406
November 2019 tranche	**174 281**	**2 037 101**	220 147	2 385 086
October 2021 tranche	**373 459**	**2 150 750**	–	–

The November 2018 and November 2019 tranches relate to two equity-settled share incentive schemes for managers and directors, approved by shareholders at the annual general meeting (AGM) of 4 December 2015: the Spur Group Forfeitable Share Plan (FSP) and Spur Group Share Appreciation Rights (SAR) Scheme. At the AGM of 23 December 2020, shareholders approved new equity-settled long-term incentive schemes. The October 2021 tranche of long-term incentive awards was issued in terms of these new schemes.

24. CAPITAL AND RESERVES continued

24.4 Share-based payments reserve continued

The terms of each tranche are as follows:

FSP	November 2018 tranche	November 2019 tranche	October 2021 tranche
Date of grant	26 November 2018	26 November 2019	7 October 2021
Number of shares awarded	209 800	231 787	373 459[1]
Initial vesting date	25 November 2021	25 November 2022	7 October 2025[2]
Date from which shares may be traded	24 November 2023	22 November 2024	7 October 2025[2]
Service condition	3 years from grant date	3 years from grant date	4 years from grant date[2]
Performance conditions	Personal performance	Personal performance	N/A[3]
Grant-date fair value per share (R)	15.35	18.29	18.10
Proportion of shares expected to vest as assessed at reporting date (based on number of employees expected to meet service condition) (%)	N/A	75.2	100.0
Number of shares that vested	183 200	N/A	N/A

The November 2018 and November 2019 forfeitable shares awarded are held in escrow by Spur Group (Pty) Ltd until such time as the participants are free to trade in the shares. During the initial vesting period, participants have none of the rights ordinarily associated with shares (including voting rights, or the right to dividends). The shares held in escrow are accordingly not recognised as shares in issue, but instead as shares held in treasury, for the duration of the initial vesting period. During the period from the initial vesting date to when the shares may be traded by the participants, the participants are entitled to exercise voting rights that attach to the shares and are entitled to receive dividends on the shares.

The October 2021 forfeitable shares are contingently issuable shares determined with reference to the participants' short-term incentive (STI) payments calculated for the financial year ended 30 June 2022 which will only be finalised subsequent to the date of issue of this report.

SAR	November 2018 tranche	November 2019 tranche	October 2021 tranche
Date of grant	26 November 2018	26 November 2019	7 October 2021
Number of rights awarded	3 189 176	2 899 115	2 409 745
Strike price per right (R)	23.13	27.01	19.14
Initial vesting date	25 November 2021	25 November 2022	7 October 2024
Date from which shares may be traded	24 November 2023	22 November 2024	Dependent on exercise date[4]
Service conditions	3 years from grant date	3 years from grant date	3 years from grant date
Performance conditions	Return on equity, growth in adjusted headline earnings per share and personal performance	Return on equity, growth in adjusted headline earnings per share and personal performance	Growth in adjusted headline earnings and adjusted headline earnings per share and personal performance[5]
Grant-date fair value per right (R)	4.91	5.96	8.48
Proportion of rights expected to vest as assessed at reporting date (based on number of employees expected to meet service condition) (%)	N/A	70.3	89.3
Proportion of rights expected to vest based on meeting of non-market performance conditions (%)	N/A	–	95.7
No. of rights that vested	–	N/A	N/A

Refer footnotes on page 66.

24. CAPITAL AND RESERVES continued

24.4 Share-based payments reserve continued

The value of each vested share appreciation right, determined as the difference between share price of the company's shares at the exercise date and the strike price, is to be settled by the issue of an equivalent number of full value shares at the exercise date. The November 2018 and November 2019 SARs are compulsorily exercisable on the initial vesting date. Once the rights have been exercised, the resulting shares will be held in escrow until the participants are free to trade in the shares. The participants are entitled to exercise the voting rights that attach to the shares and receive dividends accruing on the shares, from the exercise date.

	November 2019 tranche		October 2021 tranche	
Financial performance conditions applicable to SARs:	**Criteria**	**Vesting (%)**	**Criteria**	**Vesting (%)**
Return on equity (%)	14.45 to 19.55	0 to 100	N/A	N/A
Adjusted headline earnings growth at compounded annual growth rate over initial vesting period (%)	N/A	N/A	CPI+GDP to CPI+GDP+2	30 to 100
Adjusted headline earnings per share growth at compounded annual growth rate over initial vesting period (%)	CPI to CPI+6	33 to 100	CPI+GDP to CPI+GDP+2	30 to 100

Fair value measurement

The grant-date fair values of the November 2018 and November 2019 FSP shares and SAR Scheme rights were determined at the grant date by an independent external professional financial instruments specialist using the Black-Scholes European Call Option pricing model. The grant-date fair values of the October 2021 FSP shares and SARs were determined at the grant date by an independent external professional financial instruments specialist using, in the case of the SARs, a Monte-Carlo pricing model and, in the case of the FSPs, the Black-Scholes European Call Option pricing model, based on the following assumptions:

	November 2018 tranche	November 2019 tranche	October 2021 tranche
Risk-free rate (based on R186 South African Government bond) (%)	7.5	7.4	7.1
Expected dividend yield (based on historic dividend yield over historic period equivalent to vesting period) (%)	5.5	5.1	3.7
Expected volatility (based on historic volatility over historic period equivalent to vesting period) (%)	39.0	38.7	40.0

Dilution

The FSP forfeitable shares granted resulted in 312 936 (2021: 284 881) dilutive potential ordinary shares for the year (refer note 12.2). As the performance conditions of the November 2019 SARs, as assessed at the reporting date, had not been met to result in any vesting of the rights, no adjustment has been made to the dilutive weighted average number of shares in issue in respect of these contingently issuable shares. In the case of the October 2021 SARs, while the performance conditions, as assessed at the reporting date, would have resulted in vesting, the rights are not dilutive as at the reporting date.

[1] *The number of FSP shares awarded in respect of the October 2021 tranche is calculated with reference to the participants' short-term incentive (STI) payments relating to the financial year ended 30 June 2022. The shares are therefore contingently issuable upon the determination of the STI. The number of shares included is an estimate based on expected STI payments for the 2022 financial year, and is subject to change pending a final determination of the STI payments due (refer note 30.1).*

[2] *The initial vesting date is three years from the date on which the final number of shares awarded is determined (i.e. only when the STI amount is finalised and paid). The date included is an estimate, and is subject to change, but in any event will not be later than 31 October 2025.*

[3] *As the October 2021 tranche of FSPs is awarded (and the actual number of shares determined) based on the group's STI (which incorporates performance conditions), no further performance conditions apply.*

[4] *In respect of the October 2021 tranche of SARs, participants will have a two-year period (starting from the initial vesting date) during which to exercise vested rights. Participants who are executive directors are required to hold the shares for a period of two years following the date that the SARs are exercised. Other participants are not subject to this restriction.*

[5] *Performance conditions for participants who are executive directors include only the financial performance measures stipulated, although the participant must maintain a 'meets expectations' personal performance rating during the initial vesting period for the rights to vest. For all other participants, the performance conditions are split 50/50 between the financial performance measures stipulated and personal performance rating.*

25. NON-CONTROLLING INTERESTS

The following subsidiaries have non-controlling interests (NCI):

Name	Principal place of business/ Country of incorporation	Operating segment	Ownership interests held by NCI 2022 %	Ownership interests held by NCI 2021 %
RocoMamas Franchise Co (Pty) Ltd	South Africa	South Africa Franchise – RocoMamas	**30**	30
Opilor (Pty) Ltd	South Africa	South Africa Retail company stores	**32**	32
Green Point Burger Joint (Pty) Ltd	South Africa	South Africa Retail company stores	**10**	10
The Spur Foundation Trust	South Africa	South Africa Shared Services	**100**	100
Nikos Franchise (Pty) Ltd	South Africa	South Africa Franchise – Speciality brands	**49**	49

The following table summarises financial information for material subsidiaries with NCI, prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the group's accounting policies, as well as other individually immaterial subsidiaries. The information is before intercompany eliminations with other companies in the group.

2022 R'000	RocoMamas Franchise Co (Pty) Ltd	Opilor (Pty) Ltd	Green Point Burger Joint (Pty) Ltd	Nikos Franchise (Pty) Ltd	Other individually immaterial subsidiaries	Total
Statement of profit or loss and other comprehensive income						
Revenue	198 323	18 500	10 830	2 705		
Profit/(loss) and total comprehensive income	21 257	753	(1 113)	859		
Profit/(loss) and total comprehensive income attributable to NCI	6 377	241	(111)	421	177	7 105
Statement of financial position						
Current assets	17 901	6 100	456	2 208		
Non-current assets	12 292	12 607	4 546	756		
Current liabilities	(4 633)	(2 898)	(5 250)	(786)		
Non-current liabilities	(6 125)	(3 881)	(1 932)	(738)		
Net assets/(liabilities)	19 435	11 928	(2 180)	1 440		
Carrying amount of NCI	5 831	3 818	(218)	705	2 575	12 711
Statement of cash flows						
Cash flows from operating activities	(160)	4 607	443	1 372		
Cash flows from investing activities	(2 645)	(171)	(32)	66		
Cash flows from financing activities	(327)	(991)	(281)	(227)		
Net increase/(decrease) in cash and cash equivalents	(3 132)	3 445	130	1 211		
Dividends paid to NCI during the year	7 020	688	–	–	–	7 708

25. NON-CONTROLLING INTERESTS continued

Restated 2021* R'000	RocoMamas Franchise Co (Pty) Ltd	Opilor (Pty) Ltd	Green Point Burger Joint (Pty) Ltd	Nikos Franchise (Pty) Ltd	Other individually immaterial subsidiaries	Total
Statement of profit or loss and other comprehensive income						
Revenue	161 909	12 574	7 721	1 714		
Profit/(loss) and total comprehensive income	17 880	4 725	(996)	439		
Profit/(loss) and total comprehensive income attributable to NCI	5 364	1 512	(99)	215	(315)	6 677
Statement of financial position						
Current assets	21 186	8 004	554	1 587		
Non-current assets	7 680	13 668	11 251	517		
Current liabilities	(2 443)	(2 355)	(4 240)	(845)		
Non-current liabilities	(4 844)	(5 991)	(8 632)	(679)		
Net assets/(liabilities)	21 579	13 326	(1 067)	580		
Carrying amount of NCI	6 474	4 265	(107)	284	2 398	13 314
Statement of cash flows						
Cash flows from operating activities	10 859	2 565	42	402		
Cash flows from investing activities	(291)	(247)	(35)	(125)		
Cash flows from financing activities	80	(760)	(212)	227		
Net increase/(decrease) in cash and cash equivalents	10 648	1 558	(205)	504		
Dividends paid to NCI during the year	1 800	–	–	–	–	1 800

* *Refer note 4.*

26. EMPLOYEE BENEFITS

	2022 R'000	2021 R'000
Retirement benefit payable to former director		
Balance at beginning of year	**6 604**	–
Accrual charged to profit or loss	**–**	8 502
Interest charged to profit or loss	**496**	302
Set off of loan to former director (refer note 16.6)	**–**	(2 200)
Settlement of retirement benefit	**(7 100)**	–
Balance at end of year	**–**	6 604
Current portion included in current liabilities	**–**	4 300
Long-term portion included in non-current liabilities	**–**	2 304

In July 2020, the group concluded a mutual separation agreement (MSA) with former group CEO, Pierre van Tonder, in terms of which Mr Van Tonder retired as the group CEO and executive director of the company with effect from 31 December 2020, after 38 years of service of which 24 was as group CEO. Mr Van Tonder's employment agreement provided for a six-month notice period and 24-month restraint of trade. The group accordingly agreed to pay Mr Van Tonder his monthly salary of R516 615 (total guaranteed remuneration) per month for the months of January 2021 to June 2021, amounting to R3.1 million in aggregate, which was included in profit or loss for the prior year.

In terms of the MSA, a further amount of R9.3 million (the equivalent of 18 months' guaranteed remuneration) was to be paid to Mr Van Tonder from July 2021 in 18 equal monthly instalments and was linked to Mr Van Tonder's compliance with his restraint and other material provisions of the MSA. An accrual equivalent to the present value of this amount was recognised in the prior financial year (on 31 December 2020). The group had previously advanced a loan to Mr Van Tonder, the outstanding balance of which, as at 30 June 2021, amounted to R2.2 million and was, in terms of the MSA, set off against the payments due to Mr Van Tonder by the company. Mr Van Tonder was entitled to retain any long-term share-linked incentive allocations granted to him as at the date the MSA was concluded. Mr Van Tonder passed away on 9 May 2021. Subsequent to Mr Van Tonder's passing, the group concluded a settlement agreement with the executors of his estate, in terms of which the group agreed to settle the net obligation on 27 May 2022 to his estate.

27. CONTRACT LIABILITIES

	2022 R'000	Restated 2021* R'000
The balance at the end of the year comprises:		
Deferred marketing fund contribution revenue (refer note 27.1)	**51 500**	3 520
Deferred initial licence fee revenue (refer note 27.2)	**28 184**	29 520
Total contract liabilities	**79 684**	33 040
Current portion included in current liabilities	**56 226**	8 269
Non-current portion included in non-current liabilities	**23 458**	24 771
The movement in the liabilities during the year was as follows:		
27.1 Deferred marketing fund contributions revenue		
Balance at beginning of year	**3 520**	2 809
Total marketing fund contributions received/receivable	**229 964**	148 154
Total recognised in profit or loss as revenue during the year (refer note 7)	**(181 984)**	(147 443)
Balance at end of year	**51 500**	3 520
Current portion included in current liabilities	**51 500**	3 520

Marketing fund contribution revenue is recognised over time as the marketing fund contributions are utilised to fund marketing-related expenditure on behalf of franchisees. To the extent that the marketing fund contributions are not utilised at the reporting date, the related revenue is deferred until such time as the funds are utilised, at which point they are recognised as revenue. Refer note 3.1.1 for a further explanation.

* *Refer note 4.*

27. CONTRACT LIABILITIES continued

		2022 R'000	Restated 2021* R'000
27.2	**Initial licence fees**		
	Balance at beginning of year	**29 520**	35 150
	New contracts concluded	**5 757**	3 348
	Total recognised in profit or loss as revenue during the year (refer note 7)	**(7 161)**	(7 356)
	Revenue recognised over time	**(4 854)**	(5 824)
	Revenue recognised due to accelerated recognition on early termination of contract	**(2 307)**	(1 532)
	Effect of foreign exchange fluctuations	**68**	(1 622)
	Balance at end of year	**28 184**	29 520
	Current portion included in current liabilities	**4 726**	4 749
	Non-current portion included in non-current liabilities	**23 458**	24 771

These amounts relate to the initial non-refundable franchise fees which have not yet been recognised as revenue. As the group's performance obligation in relation to the initial franchise fee is satisfied over time, the revenue is recognised on a straight-line basis over the term of the franchise agreement. Where a franchise agreement is terminated prior to its expected expiration date, the balance of the contract liability, representing the value of the initial non-refundable franchise fee not already recognised in profit or loss, is recognised in profit or loss immediately.

* *Refer note 4.*

28. LEASE LIABILITIES

	2022 R'000	2021 R'000
The movement in the liability during the year was as follows:		
Balance at beginning of year	**41 204**	52 948
New leases concluded during the year (refer note 14)	**2 237**	342
Amounts recognised in profit or loss	**3 482**	(6 050)
Interest expense (refer note 10)	**3 683**	4 441
Derecognition on early termination of leases (refer note 8)	**–**	(9 845)
Reduction in lease liabilities relating to COVID-19 rent concessions (refer note 8)	**(201)**	(646)
Lease payments during the year	**(12 031)**	(11 183)
Lease payments made by sublessee directly to lessor during the year (refer note 17)	**–**	(1 597)
Re-measurement of lease liability (refer note 14)	**(176)**	6 974
Effect of foreign exchange fluctuations	**2**	(230)
Balance at end of year	**34 718**	41 204
Current portion included in current liabilities	**8 679**	7 514
Non-current portion included in non-current liabilities	**26 039**	33 690

These leases include commercial properties for certain of the group's corporate offices, retail property leases for its retail company stores and vehicles for use by its operations teams.

The property leases range from three to ten years, subject to renewal periods of a further five years in certain cases. To the extent that it is highly likely that the group will exercise renewal options, these renewal periods have been included in the determination of the lease periods, and therefore in determining the lease liabilities. All property leases have fixed annual escalations.

The vehicle leases prescribe variable lease payments which are linked to the South African prime overdraft rate of interest.

28. LEASE LIABILITIES continued

The group had previously concluded a lease for a retail property for the Apache Spur in Australia, which it previously sublet to a franchisee in Australia. A lease liability and corresponding lease receivable were therefore recognised in respect of the head lease and sublease respectively. In terms of the sublease, the franchisee previously settled the lease payments directly to the landlord. Any reduction in the lease receivable arising from rental payments was previously recognised as a reduction in the corresponding lease liability. Refer note 17 for details of the lease receivable relating to the sublease. During the prior year, the landlord terminated the head lease on 17 February 2021 due to non-payment by the sublessee who had commenced liquidation proceedings earlier during that financial year. Consequently, during the prior year, the group derecognised the lease obligation (amounting to R7.012 million), but raised a corresponding provision for the full gross amounts due in terms of the lease from the date of termination to the expiration of the original lease (refer note 32).

The remaining balance of the derecognition of leases in the prior year related predominantly to the early termination of the leases of parts of the premises rented for the group's Johannesburg corporate offices, while the re-measurement related to the extension of the leases of the remaining parts of the premises as explained in note 14.

The group received rent concessions for certain of its retail company stores during the current and previous financial years due to COVID-19. The group has elected to apply the practical expedient permitted by IFRS 16 which allows the group to account for the change in lease payments in profit or loss, and not as a modification of the lease contract (refer note 8).

The recognition exemption permitted by IFRS 16 for short-term leases and for leases where the underlying assets are of low value has been applied.

	2022 R'000	2021 R'000
The following amounts have accordingly been recognised in profit or loss as incurred:		
Low-value leases	**19**	9
Variable lease payments	**100**	322
	119	331
The following amounts are recognised in the statement of cash flows relating to the lease liabilities:		
Capital amounts included in cash flows from financing activities	**(8 348)**	(7 088)
Interest expense paid included in cash flows from operating activities	**(3 683)**	(4 095)
	(12 031)	(11 183)
Maturity analysis		
The undiscounted lease payments to be made after the reporting date are shown below:		
Payments due within one year	**9 787**	10 886
Payments due within one to three years	**17 310**	15 694
Payments due after three years	**12 381**	27 794
Total undiscounted lease liabilities at end of year	**39 478**	54 374

29. TAX PAYABLE

	2022 R'000	2021 R'000
Current tax payable	**6 530**	2 467
Dividend withholding tax payable	**804**	–
Withholding tax payable[1]	**4 090**	4 305
Balance at end of year	**11 424**	6 772

[1] *Withholding taxes payable relate to an accrual for withholding taxes not deducted by franchisees on payments of franchise fees in foreign jurisdictions in the current and prior years.*

30. TRADE AND OTHER PAYABLES

	2022 R'000	Restated 2021* R'000
Trade payables	**130 464**	95 211
Group payables	**44 159**	29 876
Payable to outsourced distributor (refer note 19)	**86 305**	65 335
Income received in advance[1]	**1 188**	1 857
Short-term employee benefits	**38 438**	13 043
Short-term incentive scheme (refer note 30.1)	**22 009**	–
Leave pay and other short-term employee benefits[2]	**16 429**	13 043
VAT and other indirect taxes payable	**9 069**	8 817
Unredeemed gift vouchers	**5 541**	6 849
Other sundry payables	**147**	480
Total trade and other payables	**184 847**	126 257

[1] *Income received in advance in the current and prior years comprises predominantly initial franchise fee receipts where the related franchise agreement has not been signed as at the reporting date.*

[2] *Other short-term employee benefits include an accrual for bonuses payable to employees who are not participants of the group's short-term incentive scheme. The bonus pool available is determined as one month's guaranteed remuneration for eligible employees and is allocated to individuals based on line manager recommendations and approval by the board. While no contractual obligation exists to pay these bonuses, there is a constructive obligation based on past experience.*

30.1 Short-term incentive scheme

	2022 R'000	Restated 2021* R'000
Balance at beginning of year	**–**	–
Recognised in profit or loss	**22 009**	–
Balance at end of year	**22 009**	–

The accrual for the short-term incentive (STI) scheme is determined in accordance with the rules of the scheme approved by the group's remuneration committee. Participants include middle management to executive directors. Each participant's incentive is determined with reference to their guaranteed remuneration, divisional performance, group performance and individual performance, subject to certain limits. The accrual represents the best estimate of the incentive payments due as at the date of issue of these financial statements; the actual incentive payments will only be finally determined subsequent to the date of issue of these financial statements.

In terms of the group's long-term incentive scheme, Forfeitable Share Plan (FSP) shares, the value of which is calculated with reference to the STI payments, are awarded to STI participants at the same time that the STI payments are settled. These FSP shares awarded are subject to the applicable scheme rules (refer note 24.4).

* *Refer note 4.*

31. LOANS PAYABLE

	2022 R'000	2021 R'000
Loans from non-controlling shareholders	**196**	196

The loans were advanced in the 2020 financial year by the minority shareholders of subsidiary, Nikos Franchise (Pty) Ltd. The loans are unsecured and repayable on demand. Provided that the loans are in proportion to the respective shareholders' shareholding in the subsidiary in question, the loans are interest free.

32. PROVISION FOR LEASE OBLIGATION

	2022 R'000	2021 R'000
Balance at beginning of year	**7 175**	–
Provision raised charged to profit or loss	**–**	7 677
Effect of foreign exchange fluctuations	**339**	(502)
Balance at end of year	**7 514**	7 175

As detailed in notes 17 and 28, during the prior year, the landlord of the former Apache Spur premises in Australia cancelled the head lease concluded with the group relating to these premises due to non-payment by the sublessee. The lease makes provision for the lessee continuing to be liable for the aggregate rental payments due for the remainder of the unexpired lease term, notwithstanding the cancellation, on demand. The extent of the liability is subject to the landlord mitigating its losses (including for example by reletting the premises). While the landlord has not taken formal legal action to recover these amounts from the group, the premises remain vacant, and a provision was accordingly raised for the total gross value of the remaining lease payments over the term of the lease in the prior year. The timing and amount of the potential cash outflows are uncertain as at the reporting date.

33. DIVIDENDS

	2022 R'000	2021 R'000
Interim 2022 – dividend of 49.0 cents per share	**44 588**	–
Total dividends to equity holders	**44 588**	–
Dividends external to the group are reconciled as follows:		
Gross dividends declared by the company	**44 588**	–
Dividends received on the company's shares held by the group	**(3 354)**	–
Total dividends declared by the company external to the group	**41 234**	–
Dividends declared by subsidiaries to non-controlling shareholders	**7 708**	1 800
Total dividends external to the group	**48 942**	1 800
Shareholders for dividends	**886**	66 257

The interim 2020 dividend of R70.978 million was declared on 26 February 2020 and was due to be paid on 6 April 2020. Following the outbreak of COVID-19 and the potential impact of long-term trading restrictions on the group's cash reserves, the board resolved, in compliance with the Companies Act and the directors' fiduciary duties, to defer the payment of the dividend until future cash flows could be predicted with a greater confidence level. At its meeting on 22 September 2021, the board resolved to proceed with the payment of the interim 2020 dividend on 25 October 2021.

At its meeting on 22 February 2022, the board of directors declared an interim dividend of 49 cents per share in respect of the 2022 financial year.

At its meeting on 18 August 2022, the board of directors has approved a final dividend of 78 cents per share (the equivalent of R70.954 million) in respect of the 2022 financial year, funded by income reserves, to be paid in cash on 19 September 2022. The dividend is subject to the applicable tax levied in terms of the Income Tax Act (Act No. 58 of 1962, as amended) (dividend withholding tax) of 20%. The net dividend is therefore 62.4 cents per share for shareholders liable to pay dividend withholding tax.

The total gross dividend declared relating to the 2022 financial year was 127 cents per share equating to R115.528 million.

34. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	2022 R'000	Restated 2021* R'000
Profit before income tax	**209 668**	147 802
Adjusted for:		
Amortisation - intangible assets (refer note 15)	**1 150**	970
Depreciation (refer notes 13 and 14)	**19 721**	20 569
Fair value loss/(gain) on contingent consideration receivable (refer note 22)	**2 525**	(901)
Foreign exchange (gain)/loss (excluding losses/gains on intercompany accounts)	**(306)**	555
Foreign currency translations not disclosed elsewhere in the statement of cash flows	**(724)**	(1 396)
Impairment losses/(reversal) - financial instruments and lease receivable (refer note 9)	**2 957**	(2 523)
Interest expense	**12 578**	4 765
Interest income	**(13 325)**	(8 273)
Gain on derecognition of lease	**–**	(7 069)
Derecognition of lease liabilities on early termination (refer note 28)	**–**	(9 845)
Derecognition of right-of-use assets on early termination of leases (refer note 14)	**–**	2 776
Movement in bonus, leave pay and short-term incentive accruals (refer note 30)	**25 456**	7 313
Movement in contract liabilities (refer note 27)	**46 576**	(3 297)
Provision for lease obligation (refer note 32)	**–**	7 677
Profit on disposal of property, plant and equipment	**(125)**	(131)
Rental concession income (refer note 28)	**(201)**	(646)
Retirement benefit accrued in the prior year and paid in the current year (refer note 26)	**(7 100)**	8 502
Share–based payments expense – equity-settled – long-term employee share incentive schemes (refer note 24.4)	**6 309**	1 278
Operating profit before working capital changes	**305 159**	175 195

35. WORKING CAPITAL CHANGES

	2022 R'000	Restated 2021* R'000
(Increase)/decrease in inventories	**(21 597)**	4 256
Increase in trade and other receivables	**(9 858)**	(38 843)
Increase in trade and other payables	**32 311**	4 423
Working capital changes	**856**	(30 164)

* *Refer note 4.*

36. INTEREST INCOME RECEIVED

	2022 R'000	2021 R'000
Interest income received is reconciled to the amount recognised in profit or loss as follows:		
Interest income	**13 325**	8 273
Interest income on lease receivable relating to sublease, not received in cash (refer note 17)	**–**	(346)
Interest income on loan receivables, not received in cash	**(395)**	(366)
Interest income received	**12 930**	7 561

37. INTEREST EXPENSE PAID

	2022 R'000	2021 R'000
Interest expense paid is reconciled to the amount recognised in profit or loss as follows:		
Interest expense	**12 578**	4 765
Interest expense on lease liability relating to sublease, not paid in cash (refer note 17)	**–**	(346)
Interest expense on tax liability paid in cash in prior years (refer note 11.2)	**(8 038)**	–
Interest expense on employee liability, not paid in cash (refer note 26)	**(496)**	(302)
Interest expense paid	**4 044**	4 117

38. TAX PAID

	2022 R'000	2021 R'000
Tax paid is reconciled to the amount recognised in profit or loss as follows:		
Net amount receivable at beginning of year	**18 396**	25 844
Current and withholding tax charged to profit or loss (refer note 11.1)	**(94 377)**	(48 187)
Current tax charged to equity (refer note 11.5)	**(25)**	(21)
Dividend withholding tax charged to equity and unpaid at reporting date	**(804)**	–
Interest expense on tax liability paid in cash in prior years and previously recognised as a receivable (refer note 11.2)	**(8 038)**	–
Effect of foreign exchange fluctuations	**(19)**	(311)
Net amount payable/(receivable) at end of year	**9 099**	(18 396)
Tax paid	**(75 768)**	(41 071)

39. DIVIDENDS PAID

	2022 R'000	2021 R'000
Dividends paid are reconciled to the amount disclosed in the statement of changes in equity as follows:		
Amount payable at beginning of year	**(66 257)**	(66 257)
Total dividends external to the group (refer note 33)	**(48 942)**	(1 800)
Dividend withholding tax charged to equity and unpaid at reporting date	**804**	–
Amount payable at end of year	**886**	66 257
Dividends paid	**(113 509)**	(1 800)

40. PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	2022 R'000	2021 R'000
Carrying amount of property, plant and equipment disposed of (refer note 13)	**228**	–
Profit on disposal of property, plant and equipment	**125**	131
Proceeds from disposal of property, plant and equipment	**353**	131

41. FINANCIAL INSTRUMENTS

41.1 Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy (refer note 3.2.1). It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount			Fair value
R'000	Note	**Amortised cost**	**Financial assets/ liabilities at fair value through profit or loss**	**Total**	**Level 3**
2022					
Financial assets not measured at fair value					
Loans receivable	16	**947**	**–**	**947**	
Financial assets included in trade and other receivables&	21	**95 998**	**–**	**95 998**	
Restricted cash	23	**64 381**	**–**	**64 381**	
Cash and cash equivalents	23	**290 696**	**–**	**290 696**	
		452 022	**–**	**452 022**	
Financial asset measured at fair value					
Contingent consideration receivable	22	**–**	**1 594**	**1 594**	**1 594**
Financial liabilities not measured at fair value					
Financial liabilities included in trade and other payables#	30	**136 152**	**–**	**136 152**	
Loans payable	31	**196**	**–**	**196**	
Shareholders for dividend	33	**886**	**–**	**886**	
		137 234	**–**	**137 234**	
Restated 2021*					
Financial assets not measured at fair value					
Loans receivable	16	2 321	–	2 321	
Financial assets included in trade and other receivables&	21	88 012	–	88 012	
Restricted cash	23	11 998	–	11 998	
Cash and cash equivalents	23	260 870	–	260 870	
		363 201	–	363 201	
Financial asset measured at fair value					
Contingent consideration receivable	22	–	4 047	4 047	4 047
Financial liabilities not measured at fair value					
Financial liabilities included in trade and other payables#	30	102 540	–	102 540	
Loans payable	31	196	–	196	
Shareholders for dividend	33	66 257	–	66 257	
		168 993	–	168 993	

* *Refer note 4.*
& *Includes trade receivables, staff loans, deposits and other financial assets as defined in terms of IFRS 9 – Financial instruments.*
# *Includes trade payables, unredeemed gift voucher liability and other financial liabilities as defined in terms of IFRS 9 – Financial instruments.*

41. FINANCIAL INSTRUMENTS continued

41.1 Accounting classification and fair values continued

The group has not disclosed the fair values of loans receivable, financial assets included in trade and other receivables, cash and cash equivalents, restricted cash, financial liabilities included in trade and other payables, loans payable and shareholders for dividend as their carrying amounts are a reasonable approximation of their fair values.

In the case of loans receivable, the terms of the loans (including in particular, the interest rates applicable) are considered to be commensurate with similar financial instruments between unrelated market participants and the carrying amounts are therefore assumed to approximate their fair values.

In the case of financial assets included in trade and other receivables, cash and cash equivalents, restricted cash, financial liabilities included in trade and other payables, loans payable and shareholders for dividend, the durations of the financial instruments are short and it is therefore assumed that the carrying amounts approximate their fair values.

41.2 Measurement of fair values

Financial instruments measured at fair value — level 3: contingent consideration receivable relating to the acquisition of Nikos

The receivable for the contingent consideration referred to in note 22 was initially recognised at fair value and is subsequently recognised at fair value at each reporting date. The asset is designated as a level 3 financial instrument in terms of the fair value hierarchy as inputs into the valuation model are not based on observable market data.

The fair value is determined based on the expected aggregate purchase consideration payments (which are based on forecast EBITDA), discounted to present value using a risk-adjusted discount rate of 17.9% (2021: 19.1%) at the reporting date, being the weighted average cost of capital specific to the acquired entity. The reduction in the discount rate since the prior year is due to a significant reduction in forecasting risk given the short-term duration of the forecast period, despite an increase in interest rates relative to the prior year. The expected purchase consideration payments were determined by considering the business's projected EBITDA in various possible scenarios, and the probability of each scenario.

The fair value adjustment included in profit before income tax for the year is a charge of R2.525 million (2021: credit of R0.901 million), and relates largely to changes in the gross contingent consideration and an adjustment for the time value of money during the financial year. The changes to the gross contingent consideration are as a result of changes to the forecast EBITDA which in turn is, for the current year, largely due to the extension of the measurement period of the contingent consideration negotiated with the sellers of the business (refer to note 22).

The significant unobservable inputs are the forecast EBITDA and the risk-adjusted discount rate. Given the short-term duration of the receivable, any reasonably likely change in either the forecast EBITDA or risk-adjusted discount rate is not expected to have a material impact on the fair value of the contingent consideration receivable.

41.3 Financial risk management

The group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market 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 these risks, and the group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The group's objective is to manage effectively each of the above risks associated with its financial instruments, in order to limit the group's exposure as far as possible to any financial loss associated with these risks.

The board of directors has overall responsibility for the establishment and overseeing of the group's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the board of directors on its activities.

The audit committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group to the extent that these have an impact on the financial statements.

41. FINANCIAL INSTRUMENTS continued

41.3 Financial risk management continued

41.3.1 Credit risk

Credit risk is the risk of financial loss to the group if a counterparty to a financial asset fails to meet its contractual obligations, and arises principally from the group's receivables from customers, franchisees, operating partners and associated entities, and financial institutions with which the group holds monetary deposits.

Exposure to credit risk and credit losses

	Carrying amount	
	2022 R'000	2021 R'000
The aggregate of the carrying amounts of financial assets, as well as lease receivables, represents the group's maximum credit risk exposure:		
Cash and cash equivalents (refer note 23)	**290 696**	260 870
Restricted cash (refer note 23)	**64 381**	11 998
Financial assets included in trade and other receivables (refer note 21)	**95 998**	88 012
Loans receivable (refer note 16)	**947**	2 321
Contingent consideration receivable (refer note 22)	**1 594**	4 047
Total exposure to credit risk – financial instruments	**453 616**	367 248
Lease receivable (refer note 17)	**–**	–
Total exposure to credit risk	**453 616**	367 248
The expected credit loss allowances and actual credit losses recognised in profit or loss were as follows:		
Increase/(decrease) in expected credit loss allowance and bad debts on trade and other receivables	**2 822**	(1 193)
Expected credit loss allowance on loans receivable and loan receivables written off	**395**	956
Reversal of expected credit loss allowance on loans receivable	**(188)**	(855)
Decrease in expected credit loss allowance on contingent consideration receivable	**(72)**	(180)
Total credit losses/(reversal of credit losses) – financial instruments	**2 957**	(1 272)
Reversal of expected credit loss allowance on lease receivable	**–**	(1 251)
Total credit losses/(reversal of credit losses)	**2 957**	(2 523)

41. FINANCIAL INSTRUMENTS continued

41.3 Financial risk management continued

41.3.1 Credit risk continued

The group has performed an individual assessment of the compliance of each trade and loan receivable with the group's credit policy and loan agreements, based on conditions the group was aware of at the reporting date. The multiplication method is used to determine the allowance for expected credit losses (ECLs) which is applied by multiplying the exposure (being the gross carrying amount) by the assigned probability of default (PD) and loss given default (LGD) rates depending on the performance of the instruments as per the tables below. The group has considered the following information when assessing PDs:

- Past events to determine the relationship between default rates and macroeconomic variables;
- Current conditions to identify the point in the economic cycle and to determine whether adjustments need to be made to historical data; and
- Forecasts of economic conditions to determine conditional PD estimates.

Stage	Description	Criteria	Standard PD	Standard LGD	ECL period
Stage 1	Performing	Substantial compliance with standard credit terms	1.09% – 3.51% (2021: 10%)	50.21% (2021: 42%)	12 months for loan receivables and lifetime for trade receivables
Stage 2	Significantly increased credit risk[1]	Contractual payments >30 days past due; alternatively, extended credit terms required, but substantial compliance with extended credit terms	8.33% (2021: 25% – 50%)	50.21% (2021: 42%)	Lifetime
Stage 3	In default/credit-impaired	Not in compliance with extended credit terms and/or contractual payments >90 days past due[2]	100%	50.21% (2021: 42% – 50%) but subject to individual assessment	Lifetime

[1] *A significant increase in credit risk occurs when the group considers the risk of default occurring to have increased based on the specific facts and circumstances of debtors, but a default event has not yet occurred.*

[2] *The group may also consider a financial asset to be credit impaired, even if not in default, when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full, before taking into account any credit enhancements held by the group.*

Probability of default:

During the current year, a detailed analysis of the group's debtors ageing was conducted to assess the historic average likelihood of each ageing category ending up in a default position. Forward-looking PD term structures provided by Moody's KMV RiskCalc SA PD model were used to assess the reasonability of the internal PD rates calculated and whether any specific adjustments were required based on macroeconomic factors. This market data noted that while South Africa's credit index had dropped significantly during the COVID-19 pandemic, it had recovered during the current year and has converged towards the midpoint of the credit cycle. No additional specific adjustments were therefore considered necessary to the internally calculated PDs.

In the prior year, historic PDs published by international global credit ratings agencies, adjusted for the impact the COVID-19 pandemic had on the group and its debtors, were used in the ECL determinations. The standard PDs for stage 1 and stage 2 were benchmarked against the global average default rate for entities with a credit rating of B- and CCC respectively and adjusted for the effects of the COVID-19 pandemic on the group's debtors. For financial assets classified as stage 3, the debtor had defaulted on contractual payments (included alternative payment arrangements where applicable) at the reporting date and are therefore assigned a standard PD rate of 100%, and this has remained unchanged for the current year.

The improved trading conditions in the current year and the resultant more positive credit risk outlook have resulted in less conservative assessments of PDs relative to the prior year.

41. FINANCIAL INSTRUMENTS continued

41.3 Financial risk management continued

41.3.1 Credit risk continued

Loss Given Default:
For the current year, the LGD rate was calculated by assessing the group's debtors book over a period of time to determine the value of debtors which had defaulted over the observation period net of their subsequent recoveries (discounted for the time value of money).

In the prior year the LGD rate used as a benchmark was based on the Basel Committee guidelines of percentages used by banks and financial institutions in South Africa. Although the group's loans and receivables are typically secured through personal suretyships and other similar arrangements, practically the group was not able to determine the value of this collateral without undue cost or effort. For the purpose of calculating ECLs, the group's receivables were deemed as unsecured and the base LGD rate of 42% determined at the mid-point of the Basel guideline range.

Cash and cash equivalents and restricted cash
The group's cash is placed with major South African and international financial institutions (in the respective jurisdictions in which the group trades) of high credit standing. The PD rates benchmarked against the external global rating equivalent to the credit rating of these financial institutions are negligible and ECLs are accordingly not anticipated to be material.

The group's policy is to place cash balances with multiple financial institutions to mitigate against the risk of loss to the group in the event that any one financial institution was to fail.

Financial assets included in trade and other receivables
The group's exposure to credit risk is influenced mainly by the individual characteristics of each franchisee and customer. There are no significant concentrations of credit risk.

In the main, trade receivables comprise amounts owing by franchisees that have been transacting with the group for several years, and significant losses have occurred infrequently. In monitoring customer credit risk, customers are grouped together according to their geographic location, ageing profile and existence of previous financial difficulties. There is furthermore one significant wholesale customer. The risk of counterparties defaulting is controlled by the application of credit approvals, limits and monitoring procedures. In the event that a risk of default is identified for a particular franchisee, management actively engages with the franchisee to identify opportunities to assist the franchisee in an effort to limit the potential loss to the group.

The group does not require collateral in respect of trade and other receivables although all signatories to a franchise agreement sign a personal suretyship in favour of the group.

The group has applied the simplified approach permitted by IFRS 9 and calculated ECLs based on lifetime ECLs.

	Gross carrying amount	
	2022 R'000	2021 R'000
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:		
Domestic	**97 952**	74 084
Euro-zone countries	**5 515**	4 283
Australasia	**542**	675
Total trade receivables	**104 009**	79 042
The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:		
Wholesale customers	**12 673**	9 013
Franchisees (franchise businesses)	**91 336**	70 029
Total trade receivables	**104 009**	79 042

41. FINANCIAL INSTRUMENTS continued

41.3 Financial risk management continued

41.3.1 Credit risk continued

	2022 R'000	2021 R'000
The movement in the impairment allowance for ECLs in respect of trade receivables during the year was as follows:		
Balance at beginning of year	**6 896**	9 614
Current year impairment losses/(reversal of impairment losses) recognised	**2 477**	(2 968)
Effect of foreign exchange fluctuations	**(283)**	250
Balance at end of year	**9 090**	6 896
Total credit losses in respect of trade and other receivables:		
Current year impairment losses/(reversal of impairment losses) recognised	**2 477**	(2 968)
Irrecoverable debts written off (trade receivables)	**345**	838
Write off of lease deposit	**–**	937
Total credit losses/(reversal of credit losses)	**2 822**	(1 193)

The increase in the allowance for ECLs in the current year, notwithstanding the lower PD rates applied in the current year relative to the prior year, arises principally from:

- the increase in the debtors book in line with improved economic activity; and
- the group's local and foreign exposure to certain franchisees in Saudi Arabia (in respect of franchise fees, marketing fees, and exported restaurant supplies) which have defaulted on their payment obligations to the group due to financial difficulty following COVID-19.

The gross carrying amounts of trade receivables are allocated to each stage as follows:

	2022		2021	
R'000	**Gross carrying amount**	**Impairment allowance**	Gross carrying amount	Impairment allowance
Stage 1	**91 033**	**799**	69 122	3 231
Stage 2	**3 644**	**152**	3 821	417
Stage 3	**9 332**	**8 139**	6 099	3 248
Total trade receivables	**104 009**	**9 090**	79 042	6 896

Loans receivable

The group previously advanced loans to international franchisees to assist their funding in respect of start-up operations. Given the high risk associated with these loans, the group's international expansion strategy no longer includes the provision of loans to franchisees.

Loans to local franchisees are advanced only to those franchisees which have an established track record of generating cash sufficient to service the loan.

The group's policy is to obtain collateral in respect of material loans advanced. The extent of collateral held by the group in relation to loans receivable is detailed in note 16.

The group had previously advanced a number of loans to franchisees in Australia and New Zealand (refer notes 16.1, 16.2, 16.4 and 16.7). Persistent difficult trading conditions, exacerbated by COVID-19, have increased the financial pressure on franchisees in those countries, increasing the risk of default on the loans in question as explained in the respective aforementioned notes.

41. FINANCIAL INSTRUMENTS continued

41.3 Financial risk management continued

41.3.1 Credit risk continued

	2022 R'000	2021 R'000
The maximum exposure to credit risk for loans receivable at the reporting date by geographical region was as follows:		
South Africa	4 751	5 532
Australasia	7 458	8 778
Total gross carrying amounts of loans receivable	12 209	14 310

R'000	2022 Gross carrying amount	2022 Impairment allowance	2021 Gross carrying amount	2021 Impairment allowance
The following table presents an analysis of the credit quality of loan receivables and related impairment allowances:				
Stage 1	758	4	1 230	52
Stage 2	–	–	1 341	264
Stage 3	11 451	11 258	11 739	11 673
Total loans receivable	12 209	11 262	14 310	11 989

	Note	2022 Gross carrying amount R'000	2022 Impairment allowance R'000	2022 PD %	2022 LGD %
The impairment allowances have been determined by categorising the loan receivables in the following way:					
Stage 1					
Franchisees (local)	16.3	758	4	1.09 – 3.51*	50.21*
Stage 3					
Franchisees (other Australia)	16.2	2 602	2 602	100.00	100.00
Hunga Busters Pty Ltd	16.4	4 856	4 856	100.00	100.00
KG Holdings Family Trust	16.5	3 607	3 607	100.00	100.00
Franchisees (local)	16.3	386	193	100.00	50.21
		11 451	11 258		

* *The standard PD and LGD rates have been applied to these loans.*

41. FINANCIAL INSTRUMENTS continued

41.3 Financial risk management continued

41.3.1 Credit risk continued

R'000	12-month ECL	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	Total ECL
The movement in the impairment allowance for loan receivables during the year was as follows:				
Balance at beginning of year	**52**	**264**	**11 673**	**11 989**
Transfer to lifetime ECL – not credit-impaired	–	128	(128)	–
Current year impairment allowance – loans receivable	–	(256)	651	395
Reversal of impairment allowance – loans receivable	(48)	(140)	–	(188)
Effect of foreign exchange	–	4	372	376
Impairment allowance reversed against actual write off	–	–	(1 310)	(1 310)
Balance at end of year	**4**	**–**	**11 258**	**11 262**

Guarantees

The group's policy is to provide financial guarantees only to subsidiaries domiciled in South Africa. At 30 June 2022 no material guarantees were outstanding from a group perspective (30 June 2021: Rnil).

41.3.2 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Restricted cash balances of R64.381 million (2021: R11.998 million), as detailed in note 23, are not available for general use and are not considered when assessing assets available to assist with liquidity.

The group's franchise divisions are typically, and have historically been, cash generating. The impact of harsh trading restrictions imposed during the prior years in response to COVID-19 resulted in reduced profitability. Profitability has however improved significantly in the current year as trading restrictions reduced. This has translated into significantly improved liquidity. The group's cash reserves are sufficient to sustain its fixed costs for a period of at least six months.

In terms of the Memorandum of Incorporation of the group's main local operating subsidiary, Spur Group (Pty) Ltd, that company has no limitations to its borrowing powers.

The group has no formal credit facilities in place with its bankers. This decision was taken following the implementation of legislation in South Africa which requires banks to comply with stringent capital adequacy requirements and which has resulted in South African banks introducing a commitment fee in respect of unutilised credit facilities. Given that the group has a favourable relationship and credit rating with its principal bankers and an ungeared statement of financial position, the board is of the view that credit could be secured to manage any short-term liquidity risk, if the need arose.

41. FINANCIAL INSTRUMENTS continued

41.3 Financial risk management continued

41.3.2 Liquidity risk continued

R'000	Carrying amount	Contractual cash flows: Total	Contractual cash flows: 1 – 12 months	Contractual cash flows: 1 – 3 years
The following are the contractual maturities of financial liabilities, including interest payments:				
2022				
Financial liabilities included in trade and other payables	**136 152**	**136 152**	**136 152**	**–**
Unsecured loans payable	**196**	**196**	**196**	**–**
Shareholders for dividend	**886**	**886**	**886**	**–**
2021				
Financial liabilities included in trade and other payables	102 540	102 540	102 540	–
Unsecured loans payable	196	196	196	–
Shareholders for dividend	66 257	66 257	66 257	–

Where there are no formal repayment terms, the contractual cash flows are assumed to take place within 12 months and no interest is included.

The contractual cash flows relating to leases are detailed in note 28.

41.3.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the group's income or the carrying amounts of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

International operations

The group's international operations are structured such that items of revenue, expenses, monetary assets and monetary liabilities attributed to group entities are all denominated in the respective group companies' functional currencies to the extent possible, with the exception of the group's international franchise company, Steak Ranches International BV. That company is exposed to currency risk as revenue and related receivables are denominated in currencies other than that company's functional currency which is the euro. That company is, furthermore, exposed to currency risk in respect of loan receivables denominated in currencies other than the euro. The most significant of these other currencies is the Australian dollar.

Trade receivables and payables, and loan receivables and payables are not hedged as the group's international operations trade in jurisdictions that are considered to have relatively stable currencies.

Exchange gains/losses relating to loans that are considered to be part of the net investment in a foreign operation are included in other comprehensive income.

Local operations

The group's local operations are exposed to currency risk only to the extent that it imports raw materials and certain merchandise for resale from time to time. The number and value of these transactions are not considered significant. The group uses forward exchange contracts to hedge its exposure to currency risk in respect of material imports. The group does not use forward exchange contracts or other derivative contracts for speculative purposes.

41. FINANCIAL INSTRUMENTS continued

41.3 Financial risk management continued

41.3.3 Market risk continued

Currency risk continued

Exposure to currency risk

The group's exposure to foreign currency risk (insofar as it relates to financial instruments) was as follows as at 30 June:

	AUD '000	EUR '000
2022		
Assets		
Cash and cash equivalents	**9**	**680**
Trade and other receivables	**6**	**437**
Total assets	**15**	**1 117**
Liabilities		
Trade and other payables	**(8)**	**(13)**
Total liabilities	**(8)**	**(13)**
Total net exposure	**7**	**1 104**
2021		
Assets		
Cash and cash equivalents	4	388
Trade and other receivables	18	173
Loans receivable	21	–
Total assets	43	561
Liabilities		
Trade and other payables	(29)	(18)
Total liabilities	(29)	(18)
Total net exposure	14	543

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2022	2021	**2022**	2021
AUD 1 = R	**11.0347**	11.4853	**11.2414**	10.7339
Euro 1 = R	**17.1455**	18.3573	**17.0449**	16.9612

Sensitivity analysis

Any reasonable change in the above currencies against the rand are not expected to have a material impact on profit before income tax or equity.

41. FINANCIAL INSTRUMENTS continued

41.3 Financial risk management continued

41.3.3 Market risk continued

Interest rate risk

The group adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis as far as possible. No derivative instruments are used to hedge interest rate risk.

Interest rate risk profile
All material interest-bearing financial instruments are at variable rates.

Cash flow sensitivity analysis for variable rate instruments
An increase of 50 basis points in interest rates at the reporting date would impact profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Increase in profit before income tax R'000	Increase in equity R'000
30 June 2022		
Variable-rate assets	**1 387**	**998**
30 June 2021		
Variable-rate assets	1 087	1 014

A decrease of 50 basis points in interest rates at the reporting date would have had the equal but opposite effect to the amounts shown above on the basis that all other variables remain constant.

41.3.4 Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the demographic spread of shareholders, the level of distributions to ordinary shareholders, as well as the return on capital. Capital is allocated subject to the board's required return on invested capital being met. Capital consists of total shareholders' equity, excluding non-controlling interests.

From time to time the group purchases its own shares on the market; the timing of these purchases depends on market prices. The group does not have a defined share buy-back plan. However, depending on the availability of cash, prevailing market prices and committed capital expenditure, shares may be repurchased.

The value of the group is attributed largely to its trademarks and related intellectual property. These intangible assets are accounted for in the group's statement of financial position at historic cost. The group's statement of financial position does therefore not provide a true reflection of the value of the group. In addition, the group's equity, as reported in the statement of financial position, is influenced by changes in foreign exchange rates. The group also has no formalised external debt. Consequently, management does not formally report and track capital management financial ratios.

There were no changes in the group's approach to capital management during the year.

42. DIRECTORS', PRESCRIBED OFFICER'S AND SENIOR MANAGEMENT'S EMOLUMENTS

The following emoluments were paid by the company and subsidiary companies:

R'000	Guaranteed remu-neration[1]	Variable remuneration: Equity compen-sation benefits[2]	*Ex gratia* bonus[3]	Long service award	Petrol allowance	Termina-tion leave[4]	Short-term incentive[5]	Total remu-neration included in profit or loss
2022								
Executive directors								
For services, as employees, to subsidiary companies								
Directors serving during the year								
Val Nichas	5 200	1 182	1 500	–	4	–	4 200	**12 086**
Cristina Teixeira	4 300	560	750	–	1	–	2 100	**7 711**
Kevin Robertson	3 427	444	571	286	–	–	1 599	**6 327**
Sacha du Plessis[6]	853	–	213	–	8	187	–	**1 261**
Total executive directors	**13 780**	**2 186**	**3 034**	**286**	**13**	**187**	**7 899**	**27 385**

R'000	Base non-executive director fees[7]	Additional meeting fees – current year[8]	Total remu-neration included in profit or loss
Non-executive directors			
For services, as directors, to the company[9]			
Directors serving during the year			
André Parker	576	29	**605**
Cora Fernandez	618	43	**661**
Jesmane Boggenpoel	534	29	**563**
Lerato Molebatsi	576	–	**576**
Mike Bosman	1 200	–	**1 200**
Sandile Phillip	534	39	**573**
Shirley Zinn	576	25	**601**
Total non-executive directors	**4 614**	**165**	**4 779**
Total remuneration			**32 164**

Refer to page 91 for footnotes.

42. DIRECTORS', PRESCRIBED OFFICER'S AND SENIOR MANAGEMENT'S EMOLUMENTS continued

	No. of October 2021 SARs	Fair value of SARs[10] R'000	No. of October 2021 FSPs[11]	Fair value of FSPs[10] R'000	Total fair value of instru-ments awarded R'000
The following share-linked long-term incentive (LTI) awards were granted to directors during the year:					
Executive directors					
Val Nichas	521 229	4 420	30 657	555	**4 975**
Cristina Teixeira	229 954	1 950	25 547	462	**2 412**
Kevin Robertson	175 133	1 485	19 457	352	**1 837**
Total fair value of share-linked long-term incentive awards relating to the year		**7 855**		**1 369**	**9 224**

Details of the LTIs awarded are included in note 24.4. The corresponding charge to profit or loss, determined in accordance with *IFRS 2 - Share-based Payments*, of these awards is included in equity compensation benefits in the remuneration disclosed (refer footnote 2).

Refer to page 91 for footnotes.

42. DIRECTORS', PRESCRIBED OFFICER'S AND SENIOR MANAGEMENT'S EMOLUMENTS continued

R'000	Guaranteed remuneration[1]	Equity compensation benefits[2]	*Ex gratia* bonus[3]	Leave pay[12]	Termination leave[4]	Retirement benefit[13]	Total remuneration included in profit or loss
		Variable remuneration					
2021							
Executive directors and prescribed officer							
For services, as employees, to subsidiary companies							
Directors serving during the year							
Val Nichas[14]	2 600	–	–	–	–	–	**2 600**
Cristina Teixeira[15]	1 792	–	–	–	–	–	**1 792**
Kevin Robertson[16]	2 480	(36)	130	–	–	–	**2 574**
Sacha du Plessis[16, 6]	1 895	(17)	105	–	–	–	**1 983**
Pierre van Tonder[17]	2 784	(202)	220	77	–	8 502	**11 381**
Mark Farrelly[18]	1 466	–	–	179	176	–	**1 821**
Phillip Matthee[19]	1 736	(99)	135	50	–	–	**1 822**
Graeme Kiewitz[16, 20]	577	(5)	81	–	87	–	**740**
Total executive directors	**15 330**	**(359)**	**671**	**306**	**263**	**8 502**	**24 713**
Prescribed officer							
Kevin Robertson[21]	577	(12)	–	–	–	–	**565**
Total executive directors and prescribed officer	**15 907**	**(371)**	**671**	**306**	**263**	**8 502**	**25 278**

R'000	Base non-executive director fees[7]	Additional meeting fees – prior year[8]	Additional meeting fees – current year[8]	Non-executive director additional fees[22]	Total remuneration included in profit or loss
Non-executive directors					
For services, as directors, to the company[9]					
Directors serving during the year					
André Parker[16]	432	–	25	–	**457**
Cora Fernandez	582	24	116	454	**1 176**
Jesmane Boggenpoel[16]	401	–	24	25	**450**
Lerato Molebatsi[16]	432	–	4	50	**486**
Mike Bosman	1 140	15	84	1 050	**2 289**
Sandile Phillip[16]	401	–	24	–	**425**
Shirley Zinn	547	15	88	825	**1 475**
Dineo Molefe[23]	77	24	28	–	**129**
Mntungwa Morojele[24]	82	25	28	–	**135**
Total non-executive directors	**4 094**	**103**	**421**	**2 404**	**7 022**
Total remuneration					**32 300**

The board considers there to be no prescribed officers (as defined in section 1 of the Companies Act) other than as that disclosed above.

No directors or prescribed officers were paid for services to associates.

Refer to page 91 for footnotes.

42. DIRECTORS', PRESCRIBED OFFICER'S AND SENIOR MANAGEMENT'S EMOLUMENTS continued

Details of remuneration paid to the top three earning employees who are not directors or prescribed officers of the company are listed below. The composition of the individuals differs from year to year.

R'000	Guaranteed remuneration[1]	Variable remuneration: Equity compensation benefits[2]	Petrol allowance	*Ex gratia* bonus[3]	Leave pay[12]	Termination leave[4]	Retirement lumpsum	Short-term incentive[5]	Total remuneration included in profit or loss
2022									
Senior managers									
Senior manager 1	2 600	217	19	238	–	–	–	894	**3 968**
Senior manager 2	2 460	206	–	205	–	–	–	846	**3 717**
Senior manager 3	2 103	193	–	216	–	–	–	743	**3 255**
2021									
Senior managers									
Senior manager 1	1 222	–	–	–	183	680	550	–	**2 635**
Senior manager 2	2 006	26	–	81	93	–	–	–	**2 206**
Senior manager 3	1 853	13	–	81	86	–	–	–	**2 033**

The following share-linked awards have been allocated to directors and prescribed officers in terms of the equity-settled Forfeitable Share Plan (FSP) and Share Appreciation Rights (SAR) Scheme and were outstanding as at the reporting date (refer note 24.4):

	FSP shares **2022**	FSP shares 2021	SAR rights **2022**	SAR rights 2021
Executive directors and prescribed officer				
Current directors				
Val Nichas – October 2021 tranche	**31 752**	–	**521 229**	–
Cristina Teixeira – October 2021 tranche	**25 547**	–	**229 954**	–
Kevin Robertson – October 2021 tranche	**19 457**	–	**175 133**	–
Kevin Robertson – November 2019 tranche	**5 000**	5 000	**177 535**	177 535
Kevin Robertson – November 2018 tranche	**–**	–	**–**	329 126
Past directors				
Pierre van Tonder[17] – November 2019 tranche[25]	**–**	–	**919 781**	919 781
Pierre van Tonder[17] – November 2018 tranche[25]	**–**	–	**–**	963 582
Phillip Matthee[19] – November 2019 tranche[26]	**–**	–	**385 100**	385 100
Phillip Matthee[19] – November 2018 tranche[26]	**–**	–	**–**	403 439
Sacha du Plessis[16, 6] – November 2019 tranche[27]	**–**	5 000	**–**	165 219
Sacha du Plessis[16, 6] – November 2018 tranche[27]	**–**	4 000	**–**	160 969
Total awards allocated	**81 756**	14 000	**2 408 732**	3 504 751

The cost of these awards (calculated in accordance with IFRS 2) has been expensed to profit or loss over the vesting period of the awards and has similarly been included in the emoluments disclosed for directors in each year of the vesting period. The actual vesting is therefore not reflected as additional remuneration in the year of vesting.

Refer to page 91 for footnotes.

42. DIRECTORS', PRESCRIBED OFFICER'S AND SENIOR MANAGEMENT'S EMOLUMENTS continued

Footnotes

[1] *Guaranteed remuneration includes any company/employee contributions to the provident fund and medical aid, as well as any travel allowance where applicable. Any change to provident fund and medical aid contributions will result in a corresponding opposite change to cash remuneration such that the guaranteed remuneration remains unchanged. In response to the impact of COVID-19 on the group's cash reserves, the group reduced its workweek to four days and reduced salaries of all employees (including executive directors) commensurately by 20% from 1 June 2020 until 30 September 2020.*

[2] *The equity compensation benefit is the pro rata share-based payments expense (in terms of IFRS 2 - Share-based Payments) attributable to each of the directors or employees. Refer note 24.4.*

[3] *An ex gratia bonus payment of approximately 50% of the directors' on-target short-term incentive bonus for the 2022 financial year was paid to directors in December 2021 in light of the fact that all incentive schemes were suspended during the COVID-19 period as part of the group's austerity measures. Other employees were typically paid a bonus of approximately one month's salary. In the prior year, an ex gratia bonus payment of 50% of monthly cost to company was paid to all employees (including executive directors) in December 2020, in recognition of the efforts of all employees to trade through the COVID-19 lockdown.*

[4] *Leave balance on termination of employment settled in cash.*

[5] *This represents a best estimate of the likely short-term incentive (STI) payable in respect of the 2022 financial year. The actual amount will be determined in accordance with the scheme rules subsequent to the date of issue of this report and is expected to be settled in cash in October 2022. In addition to the cash payment, a number of FSP shares, calculated with reference to the actual STI payment, will be issued to the directors, which will be subject to the terms of the group's FSP scheme rules (refer note 24.4).*

[6] *Resigned with effect from 15 September 2021.*

[7] *Comprises a base non-executive director fee per annum plus an additional fee as chair or member per subcommittee on which served; reduced by 20% for the months of June 2020 to September 2020 as part of the group's COVID-19 austerity measures (in line with the salary reduction applied to all salaried employees (including executive directors)), as approved at the AGM each year.*

[8] *Fees paid to non-executive directors for additional meetings held during the year as approved at the AGM each year.*

[9] *Certain of the non-executive directors' fees are subject to VAT. Notwithstanding that the company is not able to claim VAT input credits on these services, as the VAT paid is not for the benefit of the directors in question, the amounts disclosed are stated exclusive of VAT.*

[10] *Grant-date fair value of the October 2021 share appreciate rights/forfeitable share plan shares granted (refer note 24.4).*

[11] *This represents a best estimate of the likely number of FSPs that will be issued. The shares are expected to be acquired in October 2022. The actual number of shares will be determined based on a percentage of the final STI payable in respect of the 2022 financial year (which will be finalised subsequent to the date of issue of this report) as well as the prevailing share price on the date the shares are acquired.*

[12] *The group's HR policies do not typically permit employees to encash leave. However, following the 20% reduction in salaries from 1 June 2020 to 30 September 2020 as part of the group's COVID-19 austerity measures, employees (including executive directors) were permitted to sell up to four days of leave per month back to the company in exchange for cash.*

[13] *Refer note 26 regarding retirement benefit to the former CEO, Pierre van Tonder. The amount disclosed represents the present value on the date of retirement of the gross value of payments of R9.3 million, which was settled in cash to Mr Van Tonder's deceased estate during the current financial year.*

[14] *Appointed with effect from 1 January 2021.*

[15] *Appointed with effect from 1 February 2021.*

[16] *Appointed with effect from 15 October 2020 (remuneration includes full month of October 2020).*

[17] *Resigned with effect from 31 December 2020.*

[18] *Resigned with effect from 31 August 2020.*

[19] *Resigned with effect from 31 January 2021.*

[20] *Resigned with effect from 18 January 2021 (deceased).*

[21] *Prior to being appointed an executive director (refer footnote 16).*

[22] *Fees paid to non-executive directors for additional assignments (as approved by the board) during the 2021 financial year (refer special resolution 3.3 adopted by shareholders at the AGM of 23 December 2020).*

[23] *Resigned with effect from 3 September 2020.*

[24] *Resigned with effect from 1 September 2020.*

[25] *In accordance with the mutual separation agreement concluded with Mr Van Tonder, Mr Van Tonder retained the non-vested SARs awarded to him as at the date of his resignation.*

[26] *While Mr Matthee resigned as director, he remains as an employee of the group. He has therefore retained the non-vested SARs awarded to him prior to his resignation as a director.*

[27] *In accordance with the rules of the respective schemes, upon resignation, Mr Du Plessis forfeited all non-vested FSP shares and SARs awarded to him.*

43. RELATED PARTY DISCLOSURES

43.1 Transactions between group entities

During the year, in the ordinary course of business, certain companies within the group entered into transactions which have been eliminated on consolidation. Refer to note 13 of the separate financial statements on page 117 for guarantees given to subsidiary companies.

43.2 Identity of related parties

A number of the group's directors, former directors, prescribed officers and key management personnel (or parties related to them) hold positions in other entities, where they may have significant influence over the financial or operating policies of those entities. To the extent that the group has any relationship or dealings with those entities, they are listed as follows:

Director/ former director/ prescribed officer	Related party	Cross reference to note 43.3	Relationship with related party
Val Nichas (Son)	VBN Consulting		Sole proprietor
Kevin Robertson (Spouse)	Clearpan (Pty) Ltd (Panarottis Clear Water Mall)[1]	6	20% Shareholder
Sacha du Plessis[2]	Barleda 293 CC (Cancun Spur)[1]		6.25% Member
	Meltrade 286 CC (Casa Bella Grandwest)[1]	11	25% Member
	Meltrade 286 CC (Silver Dollar Spur)[1]	12	25% Member
	Nomivax (Pty) Ltd (The Hussar Grill Grandwest)[1]	16	25% Shareholder
Sacha du Plessis[2] (Parent)	Barleda 293 CC (Cancun Spur)[1]		3.12% Member
	Meltrade 286 CC (Casa Bella Grandwest)[1]	11	12.5% Member
	Meltrade 286 CC (Silver Dollar Spur)[1]	12	12.5% Member
	Nomivax (Pty) Ltd (The Hussar Grill Grandwest)[1]	16	12.5% Shareholder

Refer to page 97 for footnotes.

43. RELATED PARTY DISCLOSURES continued

43.2 Identity of related parties continued

Key Management[3]	Related party	Cross reference to note 43.3	Relationship with related party
Blaine Freer[4]	Amarillo Steak Ranch (Pty) Ltd (Amarillo Spur)[1, 5]	2	36.5% Shareholder
	Calma Investments (Pty) Ltd (RocoMamas Middelburg)[1, 6]		25% Shareholder
	Cloud Mountain Steak Ranch (Pty) Ltd (Cloud Mountain Spur)[1]		23% Shareholder
	Evening Star Trading 384 (Pty) Ltd (Maverick Spur)[1]		25% Shareholder
	K2015180451 (South Africa) (Pty) Ltd (RocoMamas I'Langa)[1]		26% Shareholder
	K2015290644 (South Africa) (Pty) Ltd (RocoMamas Stoneridge Mall)[1]		25% Shareholder
	Stone Eagle Steak Ranch (Pty) Ltd (7 Eagles Spur)[1, 5]		22% Shareholder
	Vegix (Pty) Ltd (Panarottis Rustenburg)[1]	22	25% Shareholder
Brian Altriche[7]	Celapart (Pty) Ltd (Golden Falcon Spur)[1]	5	70% Shareholder
	Celapart (Pty) Ltd (RocoGo Braamfontein)[1]		70% Shareholder
	Double Ring Trading 299 (Pty) Ltd (Falcon Arrow Spur)[1]		100% Shareholder
	Little Haiwatha Trading CC (RocoMamas Rivonia)[1]		60% Member
	Pizzade Trading CC (RocoMamas Randburg)[1]	18	70% Member
	Twin Cities Trading 42 (Pty) Ltd (Falcon Peak Spur)[1]	21	100% Shareholder
Brian Altriche[7] (Brother-in-law)	Little Haiwatha Trading CC (RocoMamas Rivonia)[1]		20% Member
	Nikos Ballito Bay (Pty) Ltd (Nikos Ballito)[1]	13	50% Shareholder
Derick Koekemoer	Abaya Investments CC (John Dory's The Grove, Windhoek (Namibia))[1]	1	25% Member
	Barleda 293 CC (Cancun Spur)[1]		25% Member
	Gapecovako Investments CC (Panarottis Windhoek (Namibia))[1]	8	25% Member
	Kea Investments CC (RocoMamas The Grove, Windhoek (Namibia))[1]	10	25% Member
	Little Thunder (Pty) Ltd (Tampico Spur)[1]		21% Shareholder
	Servigyn 25 CC (Thunder Bay Spur)[1]		32% Member
	Stone Eagle Steak Ranch (Pty) Ltd (7 Eagles Spur)[1]	19	15% Shareholder
José Vilar[8]	Hunger Busters Pty Ltd (Silver Spur (Australia))[1, 9]		50% Shareholder
	Panpen Pty Ltd (Panarottis Penrith (Australia))[1, 6]	17	50% Shareholder
Justin Fortune	Alicente 144 CC (Golden Bay Spur)[1]		25% Member
	Apache Dawn (Pty) Ltd (The Hussar Grill Somerset West)[1]	3	25% Shareholder
	Laadned Trading 333 CC (Cajun Spur)[1]		25% Member
Justin Fortune (Partner)	Luanne Lascaris		Sole proprietor

Refer to page 97 for footnotes.

43. RELATED PARTY DISCLOSURES continued

43.2 Identity of related parties continued

Key Management[3]	Related party	Cross reference to note 43.3	Relationship with related party
Keith Getz[11]	Bernadt Vukic Potash & Getz		Partner in principal legal firm
Leonard Coetzee	Founad Trading 89 CC (Grand Canyon Spur)[1]	7	10% Member
	JJ Links CC (John Dory's Wilsons Wharf)[1]	9	10% Member
	Nitafin (Pty) Ltd (John Dory's Secunda)[1]	14	10% Shareholder
	Nitaprox (Pty) Ltd (Pine Creek Spur)[1]	15	10% Shareholder
	Torinosun (Pty) Ltd (Navaho Springs Spur)[1]	20	11.7% Shareholder
	Waterstone Trading 51 (Pty) Ltd (Atlanta Spur)[1]	23	10% Shareholder
Nkululeko Zulu	Celapart (Pty) Ltd (Golden Falcon Spur)[1]	5	20% Shareholder
	Celapart (Pty) Ltd (RocoGo Braamfontein)[1]		20% Shareholder
Tyrone Herdman-Grant[12]	Amarillo Steak Ranch (Pty) Ltd (Amarillo Spur)[1]	2	16% Shareholder
	Calma Investments (Pty) Ltd (RocoMamas Middelburg)[1]	4	25% Shareholder
	Cloud Mountain Steak Ranch (Pty) Ltd (Cloud Mountain Spur)[1]		23% Shareholder
	K2015180451 (South Africa) (Pty) Ltd (RocoMamas I'Langa)[1,13]		0% (2021: 26%) Shareholder
	K2015290644 (South Africa) (Pty) Ltd (RocoMamas Stoneridge Mall)[1]		25% Shareholder
	Stone Eagle Steak Ranch (Pty) Ltd (7 Eagles Spur)[1]		16.5% Shareholder
	Vegix (Pty) Ltd (Panarottis Rustenburg)[1]	22	25% Shareholder
Tyrone Herdman-Grant[12] (Spouse)	Cynergy Social Media Management (Pty) Ltd		100% Shareholder
Wolbert Kamphuijs[14]	TMF Group		Director

Refer to page 97 for footnotes.

43. RELATED PARTY DISCLOSURES continued

43.3 Transactions with related parties

Balances with related parties

Refer note 21 for details on trade receivables from related parties. No individual trade receivable is material. The trade receivables with related party franchisees are subject to the same credit terms as for independent franchisees. None of the trade receivables are considered overdue. The trade receivables are secured by personal suretyships issued by the signatories to the franchise agreements, as with all other franchise agreements.

Loans to and from related parties are detailed in notes 16 and 31 respectively.

Transactions with related parties that are restaurants are detailed in the table below:

In terms of the group's Conflict of Interest Policy, the director, former director, prescribed officer or member of key management personnel in question is excluded from participating in any decision relating to any transaction with any restaurant in which he/she has an interest. Any temporary concession[15] granted to a restaurant in which a director or prescribed officer has an interest must be approved by a disinterested quorum of the board.

R'000	Temporary concession[15] 2022	Temporary concession[15] 2021	Marketing assistance[16] 2022	Marketing assistance[16] 2021	Other
1 Abaya Investments CC (John Dory's The Grove, Windhoek (Namibia))	**218**	219	**–**	–	
2 Amarillo Steak Ranch (Pty) Ltd (Amarillo Spur)	**–**	–	**–**	–	**a**
3 Apache Dawn (Pty) Ltd (The Hussar Grill Somerset West)	**–**	–	**1**	–	
4 Calma Investments (Pty) Ltd (RocoMamas Middelburg)	**3**	141	**–**	–	
5 Celapart (Pty) Ltd (Golden Falcon Spur)	**162**	60	**–**	–	
6 Clearpan (Pty) Ltd (Panarottis Clear Water Mall)	**9**	–	**–**	–	
7 Founad Trading 89 CC (Grand Canyon Spur)	**–**	–	**19**	–	
8 Gapecovako Investments Close Corporation (Panarottis Windhoek (Namibia))	**288**	229	**–**	–	
9 JJ Links CC (John Dory's Wilsons Wharf)	**11**		**–**		
10 Kea Investments CC (RocoMamas The Grove, Windhoek (Namibia))	**221**	144	**–**	–	
11 Meltrade 286 CC (Casa Bella Grandwest)	**37**	30	**–**	–	
12 Meltrade 286 CC (Silver Dollar Spur)	**211**	73	**–**	–	
13 Nikos Ballito Bay (Pty) Ltd (Nikos Ballito)	**7**	20	**–**	–	
14 Nitafin (Pty) Ltd (John Dory's Secunda)	**410**	236	**–**	–	
15 Nitaprox (Pty) Ltd (Pine Creek Spur)	**–**	195	**–**	–	**b**
16 Nomivax (Pty) Ltd (The Hussar Grill Grandwest)	**–**	–	**1**	–	
17 Panpen Pty Ltd (Panarottis Penrith (Australia))	**–**	624	**–**	–	
18 Pizzade Trading CC (RocoMamas Randburg)	**–**	–	**9**	14	**c**
19 Stone Eagle Steak Ranch (Pty) Ltd (7 Eagles Spur)	**–**	–	**–**	–	**d**
20 Torinosun (Pty) Ltd (Navaho Springs Spur)	**–**	–	**11**	–	
21 Twin Cities Trading 42 (Pty) Ltd (Falcon Peak Spur)	**–**	145	**–**	–	**e**
22 Vegix (Pty) Ltd (Panarottis Rustenburg)	**270**	97	**–**	–	**f**
23 Waterstone Trading 51 (Pty) Ltd (Atlanta Spur)	**–**	11	**–**	–	
Total	**1 847**	2 224	**41**	14	

Notes

a) Amarillo Spur: The group paid this outlet R1 565 for catering services[17] provided.
b) Pine Creek Spur: The entity was paid training fees[18] of R39 200 during the year.
c) RocoMamas Randburg: The group paid R52 500 to this entity during the year for product research and development.
d) 7 Eagles Spur: The group paid R30 000 to this entity for billboard rental during the year.
e) Falcon Peak Spur: The entity provided the consulting services of Brian Altriche (following his resignation as an employee of the group on 28 February 2021) to the group in the amount of R1 200 000 (2021: R400 000).
f) Panarottis Rustenburg: During the current year, the group paid R4 348 to this entity for billboard rental.

Refer to page 97 for footnotes.

43. RELATED PARTY DISCLOSURES continued

43.3 Transactions with related parties continued

Transactions with related parties that are not restaurants are detailed below:

Bernadt Vukic Potash & Getz (Keith Getz[11])
Bernadt Vukic Potash & Getz serves as the group's principal legal counsel and has provided legal services on various matters in the ordinary course of business to the value of R334 217 (2021: R597 290).

Cynergy Social Media Management (Tyrone Herdman-Grant's[12] spouse)
Cynergy Social Media Management provided marketing services to the group in the prior year of R60 298.

Luanne Lascaris (Justin Fortune's partner)
Luanne Lascaris provided marketing services to certain of the group's company-owned restaurants in the amount of R80 050 (2021: R38 271).

Pierre van Tonder[19]
Refer note 16.6 for details of a loan advanced to Pierre van Tonder during the 2020 financial year.

TMF Group (Wolbert Kamphuijs[14])
TMF Group provided consulting services to the group in the amount of R325 105 (2021: R469 774).

VBN Consulting (Val Nichas' son)
VBN Consultants provided customer experience consulting expertise to the group amounting to R266 087 during the year.

43.4 Key management[3]

The key management personnel compensation is as follows:

	2022 R'000	2021 R'000
Ordinary remuneration and benefits (including *ex gratia* bonuses)	**21 033**	18 959
Leave pay[20]	**682**	361
Short-term incentive[21]	**4 236**	–
Equity compensation benefits (refer note 24.4)	**1 217**	381
Total remuneration included in profit before income tax	**27 168**	19 701
The following share-linked long-term incentive (LTI) awards were granted to key management (excluding directors - refer note 42) during the year:		
Fair value of SARs granted during the year[22]	**3 597**	–
Fair value of FSPs granted during the year[22]	**1 320**	–
In addition to the above, emoluments to directors and prescribed officers amounted to (refer note 42)	**32 164**	32 300

Refer to page 97 for footnotes.

43. RELATED PARTY DISCLOSURES continued

Footnotes

[1] These entities are franchisees. Franchise fees and marketing fund contribution fees of 5% and between 2% and 4% of restaurant turnover (depending on the brand) respectively are collected by the group in terms of the standard franchise agreements, unless otherwise indicated under the related party transactions described above. Due to the COVID-19 pandemic and the resultant lockdowns that were imposed by the respective governments in the territories in which the group's franchised restaurants trade, adjustments were made to the base franchise and marketing fund contribution fee rates applicable to all franchisees for certain periods. These reduced fees are not included in the quantification of the value of temporary concessions[15] included in note 43.3. The board does not intend authorising new key management or director interests in franchises.

[2] Sacha du Plessis resigned as a director of Spur Corporation Ltd with effect from 15 September 2021 and accordingly his business interests ceased to be related parties from that date.

[3] Key management comprises 9 (2021: 12) employees (excluding directors and prescribed officers) as at the reporting date and includes brand chief operations officers and business unit heads reporting to the group CEO:

Amanda van Wyk	COO: Spur Steak Ranches
Anton Geldenhuys (resigned as employee 15 September 2021)	COO: RocoMamas
Blaine Freer[4]	Group development executive
Brian Altriche[7]	Director of subsidiary RocoMamas Franchise Co (Pty) Ltd
Colleen Carr	Group people, leadership and culture executive
Derick Koekemoer	Franchise executive: Africa
Justin Fortune	COO: Speciality brands
Leonard Coetzee	COO: John Dory's
Mark Watson (resigned as employee 30 November 2021)	COO: Spur Coastal
Moshe Apleni[23]	Transformation and communications executive
Nkululeko Zulu[23]	COO: RocoMamas
Nick Triandafillou (resigned as employee 30 October 2021)	COO: Nikos
Robin Charles	Group procurement executive
Tyrone Herdman-Grant[12]	COO: Pizza and Pasta
Vuyo Henda[23]	Chief marketing officer

[4] Blaine Freer resigned as an employee on 28 February 2022 and his business interests ceased to be related parties from that date.

[5] Interest held indirectly through a trust. The member of key management in question is a trustee of the trust.

[6] Restaurant closed during the current year.

[7] Brian Altriche resigned as an employee on 28 February 2021, but remains as a director of subsidiary, RocoMamas Franchise Co (Pty) Ltd.

[8] Ceased to be key management with effect from the prior year.

[9] Restaurant ceased trading during the prior year. Refer to note 16.4 with regards to the loan advanced to this entity.

[10] Interest disposed of during the prior year.

[11] Keith Getz serves as a director on subsidiary companies, Steak Ranches International BV and Spur International Ltd.

[12] Tyrone Herdman-Grant resigned as an employee on 28 February 2022 and his business interests ceased to be related parties from that date.

[13] Interest disposed of during the current year.

[14] Wolbert Kamphuijs served as director of wholly-owned subsidiary, Steak Ranches International BV, the group's international franchise company. He resigned as director with effect from 30 September 2021 and his business interests ceased to be related parties from that date.

[15] Temporary concession: A concession is a temporary reduction in the percentage of franchise and/or marketing fund contribution income that would ordinarily be collected by the group in terms of the standard franchise agreements. Franchise and marketing fund contribution fee concessions are granted to franchisees in the ordinary course of business to provide relief from some temporary external influence (outside of the franchisee's control) which has a negative impact on the franchisee's profitability and may threaten the sustainability of the outlet. Examples of such circumstances include increased competitive activity in the proximity of the restaurant, construction or other interference impeding foot traffic and excessive rentals (provided that these are in the process of being renegotiated). The concession is subject to strict authorisation protocols and is conditional upon the franchisee complying with all of the group's operational requirements. The concession may be withdrawn at the group's discretion at any time. Any franchisee (including one which is not a related party) is eligible for a concession should the circumstances so dictate and each case is considered on its own merits after careful scrutiny of franchisee financial records and other supporting documentation.

[16] Marketing assistance: Marketing assistance is provided to franchisees as the need arises. Typically, this is to compensate a franchisee for piloting a new concept or to assist a franchisee in minimising the negative impact of competing brands in the outlet's proximity. The basis for determining the assistance is the same as for any other franchisee (which is not a related party).

[17] Catering services: The group sponsors meals for sporting and charity events on an ad hoc basis and engages the services of franchisees to prepare these meals.

[18] Training fees: Fees to restaurants which serve as training facilities are determined based on the number of delegates trained and the number of days each delegate is trained. The fee charged is the same fee charged by other training restaurants (which are not related parties).

[19] Pierre van Tonder resigned as a director and retired as group CEO with effect from 31 December 2020.

[20] Includes leave pay on termination of employment and leave encashed. The group's HR policies do not typically permit employees to encash leave; however, following the 20% reduction in salaries with effect from 1 June 2020 to September 2020 as part of the group's COVID-19 austerity measures, employees were permitted to sell up to four days of leave per month back to the company in exchange for cash during the prior year (in respect of the period July 2020 to September 2020 only).

[21] This represents a best estimate of the likely short-term incentive (STI) payable in respect of the 2022 financial year. The actual amount will be determined in accordance with the scheme rules subsequent to the date of issue of this report and is expected to be settled in cash in October 2022. In addition to the cash payment, a number of FSP shares, calculated with reference to the actual STI payment, will be issued to the participants, which will be subject to the terms of the group's FSP scheme rules (refer note 24.4).

[22] Grant-date fair value of the October 2021 share appreciate rights/forfeitable share plan shares granted (refer note 24.4).

[23] Appointed as key management during the year.

44. SUBSEQUENT EVENTS

Subsequent to the reporting date, but prior to the date of issue of this report, the following significant transactions occurred:

44.1 Dividend

On 18 August 2022, the board declared a final dividend in respect of the 2022 financial year of 78 cents per share, payable on 19 September 2022 (refer note 33).

44.2 Shares repurchased by subsidiaries

Subsequent to 30 June 2022, a wholly-owned subsidiary acquired an additional 575 000 of the company's shares at an average cost of R21.22 per share, totalling R12.201 million, in terms of an approval granted by the JSE Ltd to trade in the company's shares during a closed period.

45. CONTINGENT LIABILITIES

45.1 Legal dispute with GPS Foods

As previously reported, on 24 December 2019, companies within the group were served with a summons by GPS Food Group RSA (Pty) Ltd (GPS). GPS is a subsidiary of a global business specialising in the management of the procurement, production, logistics and marketing elements of supply chain. The group has engaged with GPS over several years regarding product supply and the prospect of a rib processing joint venture.

GPS alleges that an oral agreement was concluded between GPS and the group on or about 2 February 2017 in terms of which the parties would establish a joint venture to acquire, develop and manage a rib processing facility. No written agreement was ever executed with GPS. GPS further alleges that on or about 28 January 2019, the group repudiated the alleged oral agreement and claims damages of R183.3 million comprising alleged capital expenditure, start-up losses and projected operating losses for a five-year period ending November 2022.

GPS alleges in the alternative that, in the event of it being found that the group did not become bound by the oral joint venture agreement, the group's conduct represented that it regarded itself as bound by the agreement and that this gives rise to a delictual claim in the sum of R60.0 million, comprising GPS's alleged losses to the date of the claim.

The group denies the allegations. The parties exchanged discovery affidavits in June 2021 and discovered documents have since been exchanged between the parties. A further exchange of pleadings between the parties is anticipated in due course. The group's attorneys, together with senior counsel, have assessed the probative value of the matter, and presented a review of the merits and prospects of success that it is more likely than not that the group will be able to successfully defend the claim. Supported by the opinion of its legal advisers, the board considers there to be reasonable prospects of defending the claims successfully. It is likely that it may take several years for a court to finally resolve the matter. No liability has been raised at the reporting date regarding the matter.

45.2 Legal dispute with former franchisee – Tzaneen, South Africa

In January 2018, wholly-owned subsidiary, Spur Group, instituted legal action against Magnacorp 544 CC (Magnacorp) for outstanding franchise and marketing fees in the amount of R0.078 million. Magnacorp had previously operated a Spur Steak Ranch franchise restaurant in Tzaneen, South Africa, but Spur Group cancelled the franchise agreement after Magnacorp breached the terms of the franchise agreement. Magnacorp has defended the action and alleges that Spur Group repudiated the franchise agreement, in that the cancellation thereof was unlawful. Magnacorp has lodged a counterclaim in the amount of R19.488 million, primarily for loss of profits arising out of the alleged repudiation. Spur Group denies the repudiation of the franchise agreement and maintains that the cancellation was valid. The board is confident that it will be able to defeat Magnacorp's counterclaim and noted an exception to Magnacorp's counterclaim in that, among other things, in terms of the franchise agreement, the franchisor is not liable to the franchisee for any consequential loss, loss of profits or any other form of indirect loss or damages howsoever arising or caused. A court date to hear the matter has yet to be determined. There have been no further developments, correspondence or exchange of pleadings during the current financial year and up to the issue date of these financial statements. The board, in consultation with its legal advisors, is confident that it will be able to successfully defend this claim and, consequently, no liability has been raised.

46. SIGNIFICANT ACCOUNTING POLICIES

46.1 Basis of consolidation

46.1.1 Investment in subsidiaries

The consolidated financial statements include the financial statements of the company and the entities that it controls. The group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with that entity and has the ability to affect those returns through its power over that entity. The financial statements of subsidiaries are included in the consolidated financial statements of the group from the date that control commences until the date that control ceases.

The company carries its investments in subsidiaries at cost less impairment losses in its separate financial statements.

46.1.2 Functional and presentation currency

All items in the financial statements of the group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency). The group's consolidated financial statements are presented in rands, which is the company's functional currency and the group's presentation currency.

46.1.3 Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to rands at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to rands at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in equity in the foreign currency translation reserve (FCTR).

46.1.4 Net investment in foreign operations

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, the exchange differences arising from such monetary item are considered to be part of the net investment in foreign operations and are recognised in other comprehensive income and presented in equity in the FCTR. When the investment in foreign operation is disposed of (including deregistration or abandonment of a foreign operation), the relevant amount in the FCTR is reallocated from other comprehensive income to profit or loss.

46.1.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree.

Acquisition costs incurred are recognised as an expense in profit or loss.

Any contingent consideration to be transferred by the acquirer is measured at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in accordance with *IFRS 9 – Financial Instruments*.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the fair value of the group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised immediately in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of under these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

46.1.6 Non-controlling interests

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis, although the group has applied the latter in all cases to date. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' shares of subsequent changes in equity.

Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

46. SIGNIFICANT ACCOUNTING POLICIES continued

46.1 Basis of consolidation continued

46.1.7 Transactions with non-controlling interests

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

46.1.8 Loss of control

When the group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or directly to retained earnings).

46.2 Foreign currency transactions

Transactions denominated in foreign currencies are translated to the respective functional currencies of group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the respective functional currencies at the foreign exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between the carrying amount in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the carrying amount in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated to the respective functional currencies using the exchange rate at the date of the transaction. Foreign exchange differences arising on retranslation are recognised in profit or loss.

46.3 Property, plant and equipment

46.3.1 Recognition and measurement

Items of property, plant and equipment, including owner-occupied buildings, are stated at cost less accumulated depreciation and accumulated impairment losses. Land is stated at cost less impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment.

46.3.2 Subsequent costs

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing a part of such an item when the cost is incurred if it is probable that the economic benefits embodied within the item will flow to the group and the cost of the item can be measured reliably. In such cases, the carrying amount of the replaced part is derecognised. All other costs are recognised in profit or loss in the period they are incurred.

46.3.3 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment from the date that they are ready for use. Leasehold improvements are depreciated over the shorter of the lease term or estimated useful life of the assets. Land is not depreciated.

Typically, the estimated useful lives for the current and prior periods are as follows:

– buildings	50 years
– plant, equipment and vehicles	3 – 5 years
– furniture and fittings	5 – 6.67 years
– computer equipment	3 years
– leasehold improvements	lesser of lease term and 10 years

Depreciation methods, useful lives and residual values are reassessed annually. Refer note 46.4.1 for details of depreciation in respect of right-of-use assets.

46. SIGNIFICANT ACCOUNTING POLICIES continued

46.3 Property, plant and equipment continued

46.3.4 Derecognition

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognised in profit or loss.

46.4 Leases

46.4.1 Right-of-use assets

Cost

Right-of-use assets are recognised in respect of leases from the commencement date of the lease. Right-of-use assets are initially measured at cost, which comprises the initial amount of the corresponding lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

Depreciation and impairment

Each right-of-use asset is subsequently depreciated on a straight-line basis over the lesser of the lease term and the useful life of the underlying asset. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Derecognition

Right-of-use assets are derecognised upon the loss of control by the group of the right to use the leased assets. Gains or losses on derecognition are determined by comparing the value of corresponding lease liabilities with the carrying amount of right-of-use assets and are recognised directly in profit or loss.

46.4.2 Lease liability

Initial recognition

Lease liabilities are recognised at the lease commencement date and initially measured at the present value of the future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses the group's incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include:

- fixed payments; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The period of the lease takes into consideration any extension or termination option, as applicable, once the group is reasonably certain that it is likely to exercise such an option.

Subsequent measurement

Lease liabilities are subsequently measured at amortised cost using the effective interest rate method, and reduced by future lease payments net of interest charged.

The group elected to apply the practical expedient for all rent concessions that arose as a direct consequence of the COVID-19 pandemic and that satisfied the criteria as specified in the amendment to IFRS 16. The effect of the change in lease payments was recognised in profit or loss in the period in which the rent concession was granted.

Lease liabilities are re-measured when there is a change in the future lease payments resulting from a change in an index or rate, or if the group changes its assessment of whether it will exercise any extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the cost of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments that do not depend on an index or rate are recognised in profit or loss in the period in which the event or condition which triggers the change in payment occurs.

Derecognition

Lease liabilities are derecognised when the obligation specified in the lease is discharged or cancelled or expired. Gains or losses on derecognition are determined by comparing the value of corresponding lease liabilities with the carrying amount of the related right-of-use assets and are recognised directly in profit or loss.

46.4.3 Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term (i.e. less than one year) leases. In these cases, the group recognises the lease payments as an expense on a straight-line basis over the lease term.

46. SIGNIFICANT ACCOUNTING POLICIES continued

46.4 Leases continued

46.4.4 Lease receivable

Where the group acts as a sublessor of fixed property (an intermediate lessor), the lease transfers substantially all of the risks and rewards incidental to ownership of the right-of-use asset. As such, a lease receivable is recognised instead of a right-of-use asset.

The group accounts for the liability for the head lease and the receivable for the sublease separately. The lease receivable is recognised at the commencement date of the sublease. The asset is initially measured at the present value of the future lease payments discounted using the interest rate applied in determining the head lease liability.

The lease receivable is subsequently measured at amortised cost, reduced by payments made by the sublessee to the lessor. The derecognition and impairment requirements of IFRS 9 are applied to the lease receivable.

46.5 Intangible assets (other than goodwill)

46.5.1 Trademarks and software licences

Intangible assets are initially recognised at cost if acquired externally, or at fair value if acquired as part of a business combination. Intangible assets which have finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each asset from the date they are ready for use. Intangible assets which have indefinite useful lives are not amortised but are tested for impairment annually. No value is attached to internally developed and maintained trademarks or brand names. Expenditure incurred to maintain trademarks and brand names is recognised in profit or loss as incurred.

Typically, the estimated useful lives for the current and prior periods are as follows:

– software licences: 5 years (where there is no limit to the use of the licence) or, if the licence is valid for a specific period less than 5 years, such shorter period

Amortisation methods, useful lives and residual values are reassessed annually.

46.5.2 Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

46.5.3 Derecognition

The gain or loss arising from the derecognition of an intangible asset is the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss when the asset is derecognised.

46. SIGNIFICANT ACCOUNTING POLICIES continued

46.6 Financial instruments

46.6.1 Timing of recognition

The group initially recognises loans and receivables and debt securities issued on the date when they originated. All other financial assets and financial liabilities are initially recognised on the trade date.

46.6.2 Classification and measurement

On initial recognition, a financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

Debt financial instruments are subsequently measured at FVPL, amortised cost, or fair value through other comprehensive income (FVOCI). The measurement is driven by the classification which is based on two criteria: the group's business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the SPPI criterion). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level as this best reflects the way the business is managed and information is provided to management.

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that would change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the group considers:

– contingent events that would change the amount or timing of cash flows;
– terms that may adjust the contractual coupon rate, including variable-rate features;
– prepayment and extension features; and
– terms that limit the group's claim to cash flows from specified assets.

Subsequent measurement of each financial instrument is explained in more detail below.

Loans receivable and trade and other receivables
Loans receivable and trade and other receivables (excluding prepayments and VAT and other indirect taxes receivable) are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion, and are therefore classified at amortised cost and subsequently measured at amortised cost less impairment losses as appropriate.

Cash and cash equivalents
Cash and cash equivalents are measured at amortised cost, based on the relevant exchange rates at the reporting date.

Financial liabilities (other than derivative instruments)
Subsequent to initial recognition, financial liabilities are stated at amortised cost using the effective interest method.

46.6.3 Derecognition

Financial assets
A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or the group transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

46. SIGNIFICANT ACCOUNTING POLICIES continued

46.7 Impairment

46.7.1 Non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows relating to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the price that would be received, at the measurement date, from the sale of an asset or cash-generating unit in an orderly transaction between market participants less the costs of disposal. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other non-financial assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment reversals are recognised in profit or loss.

46.7.2 Financial assets and lease receivables

Impairment losses for financial assets and lease receivables are determined in accordance with the expected credit loss (ECL) approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive. The shortfall is then discounted at a rate approximating the asset's original effective interest rate.

For debt financial assets (including lease receivables), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. In all cases, the group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the group may also consider a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the group. For trade and other receivables, the group has applied the standard's simplified approach and has calculated ECLs based on lifetime ECLs.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Financial assets are written off when there are no reasonable prospects for recovery.

46.8 Inventories

Inventories are measured at the lower of cost, determined on the first-in-first-out basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The cost of inventory includes costs incurred in acquiring the inventory and costs incurred in bringing the inventory to its current location and condition.

Cost of manufactured goods includes direct material costs, direct labour costs and an appropriate share of overheads based on normal operating capacity.

46. SIGNIFICANT ACCOUNTING POLICIES continued

46.9 Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

46.10 Restricted cash

Restricted cash relates to surplus cash in the marketing funds and unredeemed gift cards.

The surplus cash in the marketing funds is identified as restricted as the cash 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 franchisees.

The group sells gift cards to the public which may be redeemed at franchised restaurants. The franchisees in turn are entitled to a reimbursement of the face value of the vouchers from the group, upon presentation. The cash balances corresponding to the liability for unredeemed gift cards are accordingly not available for general use by the group.

Restricted cash balances are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

46.11 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The provision is recognised at an undiscounted amount if it is planned, or likely, that the provision will be settled within 12 months from the reporting date, otherwise the provision is discounted using the group's incremental borrowing rate.

46.12 Share capital

46.12.1 Ordinary share capital

Ordinary share capital represents the par value of ordinary shares issued. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of taxes.

46.12.2 Share premium

Share premium represents the excess consideration received by the company over the par value of ordinary shares issued, and is classified as equity.

46.12.3 Repurchase of share capital

When shares of the company are acquired by the group, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity and the number of shares is deducted from the weighted average number of shares. Dividends received on treasury shares are eliminated on consolidation.

Repurchases of share capital are included as a separate category of equity.

When treasury shares are sold or re-issued subsequently, the amount received is recognised as an increase in equity.

46. SIGNIFICANT ACCOUNTING POLICIES continued

46.13 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Item of revenue	Nature and timing of satisfaction of performance obligation	Determination of transaction price and significant payment terms	Recognition of revenue
Ongoing franchise fee income	The group provides ongoing franchise support services and access to intellectual property to franchisees in accordance with standard franchise agreements.	A standard franchise fee percentage, as per each franchise agreement, is applied to the total sales of each franchised restaurant each month. Fees are payable by the 15th of the month following the month to which the franchisees' sales (on which the fees are calculated) relate.	Sales-based royalty recognised in the period in which the sales (on which the fees are calculated) are made by franchisees to their customers.
Sales of franchisee supplies (outsourced)	The group acts as principal* earning gross revenue from the sales of goods by an outsourced distributor to the group's franchisees. The group's performance obligation is to facilitate the provision of specified products by the outsourced distributor to franchisees, which is satisfied on delivery of these products to franchisees by the distributor.	Standalone selling price. Franchisees pay the outsourced distributor. Credit terms range from cash-on-delivery to 30 days from statement depending on the credit history of the franchisee.	Revenue is recognised at a point in time when the related products are delivered by the distributor to franchisees.
Sales of purchased and manufactured sauces Sales of franchisee supplies@ Sales of marketing materials	The group's performance obligation is to procure or manufacture, and deliver#, certain goods to customers. The performance obligation is satisfied on delivery of the products to customers.	Standalone selling price. Payment terms are 30 days from the end of the month in which the goods are supplied.	Revenue is recognised at a point in time when the goods are delivered to customers.
Export sales of purchased and manufactured sauces, franchisee supplies and marketing materials	There are two separate performance obligations: 1. Delivery of supplies to the freight forwarder. Control will transfer once the supplies have been loaded on the transportation. 2. Transportation to the customer's destination point.	Standalone selling price. Payment terms are usually cash upfront prior to the goods departing the port of origin.	Revenue relating to the sale of goods is recognised at a point in time when the goods have been loaded on the transportation. Revenue relating to the transportation fee is recognised at a point in time when the goods reach the customer's destination point.

@ *Sales of manufactured décor items and sales of other peripheral franchisee supplies.*

* *Refer note 3.1.4 concerning judgements applied in reaching the conclusion that the group acts as a principal.*

As the group's performance obligation includes the delivery of the goods in question, the costs of delivery are included in cost of sales in the statement of profit or loss and other comprehensive income, and recognised as an expense at the same time that the related revenue on the sale of the goods is recognised.

46. SIGNIFICANT ACCOUNTING POLICIES continued

46.13 Revenue continued

Item of revenue	Nature and timing of satisfaction of performance obligation	Determination of transaction price and significant payment terms	Recognition of revenue
Retail company stores' sales	The group's performance obligation is to supply food and related products to customers at its owned restaurants. The performance obligation is satisfied on delivery of the products to customers.	Standalone selling price. Payment is due on delivery.	Revenue is recognised at a point in time when the goods are delivered to customers.
Rebate income	The group acts as agent, earning a commission on the value of certain products sold by certain suppliers directly to the group's franchisees. The group's performance obligation is to facilitate the provision of specified products by these suppliers to franchisees, which is satisfied on provision of the products to franchisees by the suppliers.	The group recognises revenue on a net basis corresponding with the commission determined with reference to a range of percentages as per the contract with each supplier, applied to the value of sales of goods by the respective suppliers to franchisees. Calculated quarterly and typically settled within 60 days from the end of the quarter to which the sales to franchisees relate.	Revenue is recognised at a point in time when the related products (on which the commission is calculated) are delivered by the suppliers to franchisees.
Initial franchise fees	Franchisees are charged an initial franchise fee by the group, as franchisor, upon signature of the franchise agreements concluded with franchisees. The group is obliged to support the franchisee's brand for the duration of the franchise agreement, where such activities significantly affect the intellectual property to which the franchisee has rights, without resulting in a transfer of control of specific goods or services.	Agreed fee as per the franchise agreement – a standard fee per brand is applicable. Payment is due on signature date of the franchise agreement.	Revenue is recognised over time, being on a straight-line basis over the initial term of the franchise agreement (which is typically 10 years).
Marketing fund contributions	The group provides marketing services to franchisees, as required by the franchise agreements. The group is obligated to spend the marketing fund contributions on marketing-related expenditure for the benefit of franchisees. The performance obligation is satisfied as the marketing fund contributions are spent on marketing-related expenditure.	A standard marketing fee percentage, as per each franchise agreement, is applied to the total sales of each franchised restaurant each month. Fees are payable by the 15th of the month following the month to which the franchisees' sales (on which the fees are calculated) relate.	Marketing fund contributions revenue is recognised over time in the period in which the contributions are spent on marketing-related expenditure.

46. SIGNIFICANT ACCOUNTING POLICIES continued

46.13 Revenue continued

Item of revenue	Nature and timing of satisfaction of performance obligation	Determination of transaction price and significant payment terms	Recognition of revenue
Services rendered	The group renders training and architectural services to franchisees as well as access to the group's internal radio station (TasteFM). The performance obligation is satisfied as the services are rendered by the group to franchisees.	Standalone service price agreed in advance. Payment is due within 30 days of the month following which the services are provided.	Revenue is recognised over time, on a straight-line basis from the time the services commence until the services are concluded. This period is usually a few days and rarely exceeds one month.
Marketing supplier contributions	The group agrees to co-brand certain promotions and events with suppliers. The performance obligation is satisfied by exposing the suppliers' brands and products to franchisees' customers for the duration of the promotion or event.	Agreed fee as per contract. Payment terms are typically on signature of the contract, but may be up to 30 days from the end of the month in which the contract is concluded.	Revenue is recognised over time, on a straight-line basis from commencement of the promotion or event until the termination thereof. Promotions and events are typically for short durations, not exceeding two months.

46.14 Interest income and expense

46.14.1 Interest income

Interest income is recognised on a time apportionment basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is probable that such income will accrue to the group.

46.14.2 Interest expense

Interest expense comprises interest payable on borrowings calculated using the effective interest method.

46.15 Employee benefits

46.15.1 Short-term employee benefits

The costs of all short-term employee benefits are recognised in profit or loss during the period in which the employee renders the related service.

The accruals for employee entitlements to salaries and leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

Where employees have negative leave balances, and the group is legally permitted to recover the cost of such negative leave from the employee on termination of employment, a receivable is recognised for negative leave. The receivable is calculated at undiscounted amounts based on current salary rates.

46.15.2 Long-term employee benefits

The cost of retirement benefits payable over a period longer than 12 months are initially accounted for at a value equivalent to the present value of the expected payments, discounted using the group's incremental borrowing rate. The subsequent unwinding of the discounting is recognised as an interest expense.

46.15.3 Defined contribution plans

Obligations for contributions to defined contribution pension plans are included in the employees' guaranteed cost-to-company and therefore are recognised in profit or loss in the period during which related services are rendered by employees.

46. SIGNIFICANT ACCOUNTING POLICIES continued

46.15 Employee benefits continued

46.15.4 Share-based payment transactions

In respect of equity-settled transactions, the grant-date fair value of share appreciation rights or shares awarded is recognised as an employee expense in profit or loss with a corresponding increase in equity over the vesting period of the rights or shares. The amount recognised as an expense is adjusted to reflect the number of rights or shares for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

46.16 Cost of sales

Cost of sales represents the carrying value of inventory (determined in accordance with note 46.8) sold, as well as costs incurred that are directly related to fulfilling the performance obligation of delivering the sold products to the end-customer, and is recognised as an expense at the same time that revenue from the related sale is recognised (as detailed in note 46.13). Such costs include transport costs to deliver products to customers (including the distribution margin payable to the group's outsourced distributor on sales by the distributor to customers).

46.17 Income (not addressed by another policy)

Income is recognised on the accrual basis, when the right to receive payment has been met.

46.18 Expenditure (not addressed by another policy)

Expenditure is recognised in the year that it is incurred.

46.18.1 Administration expenses

Administration expenses comprise items of expenditure not allocated to any other line item in the consolidated statement of profit or loss and other comprehensive income.

46.18.2 Operations expenses

Operations expenses are those items of expenditure that are directly attributable to the franchise operations and manufacturing and distribution divisions as identified in the operating segment information disclosed in note 6.

46.18.3 Marketing expenses

Marketing expenses are those items of expenditure that are incurred by the marketing funds administered by the group on behalf of the respective bodies of franchisees and which are funded by marketing fund contributions, marketing sales and marketing supplier contributions.

46.18.4 Retail company store expenses

Retail company store expenses are those items of expenditure that are directly attributable to the six retail restaurants owned and operated by the group and included in the retail company stores operating segment information disclosed in note 6.

46.19 Tax

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is not recognised for: taxable temporary differences arising on initial recognition of goodwill not deductible for tax purposes, the initial recognition of assets or liabilities in a transaction that is not part of a business combination that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that the group is able to control the timing of the reversal of the temporary differences and they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset only if certain criteria are met.

46. SIGNIFICANT ACCOUNTING POLICIES continued

46.19 Tax continued

Where the company withholds tax on behalf of its shareholders on dividends declared, such amounts are not recognised as part of the company's tax charge but rather as part of the dividend paid recognised directly in equity. Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholding tax recognised as part of income tax expense unless it is reimbursable, in which case it is recognised as an asset.

Withholding taxes deducted from payments by customers in respect of items of revenue are recognised as a prepayment of income tax if such withholding taxes may be credited against tax payable on the group's income and there is reasonable certainty as to whether future tax may be payable against which to deduct the withholding taxes, or, if not, as an income tax expense.

46.20 Dividends

Dividends are recognised as a liability in the period in which they are declared and approved by the board.

46.21 Earnings per share

The group presents basic and diluted earnings per share (EPS) and basic and diluted headline earnings per share (HEPS) for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the dilutive effects of all potential ordinary shares granted to employees.

Headline earnings is calculated in accordance with *Circular 1/2021: Headline Earnings* issued by the South African Institute of Chartered Accountants at the request of the JSE. The JSE Listings Requirements require the calculation of headline earnings for all entities listed on the JSE in South Africa. Basic HEPS is calculated by dividing headline earnings by the weighted average number of ordinary shares outstanding during the period. Diluted HEPS is determined by dividing headline earnings by the weighted average number of ordinary shares outstanding during the period adjusted for the dilutive effects of all potential ordinary shares granted to employees.

46.22 Contingent liabilities

A contingent liability is either: a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured reliably. In both cases the existence of the contingent liability is disclosed, but no liability is recognised in the statement of financial position.

47. ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The following new or amended standards are applicable to the group, but are not expected to have a significant impact on the group's financial statements:

- The Conceptual Framework (Amendments to IFRS 3) – effective for annual reporting periods beginning on or after 1 January 2022*
- Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16) – effective for annual reporting periods beginning on or after 1 January 2022*
- Onerous Contracts – Costs of fulfilling a contract (Amendments to IAS 37) – effective for annual reporting periods beginning on or after 1 January 2022*
- Classification of liabilities as current or non-current (Amendments to IAS 1) – effective for annual reporting periods beginning on or after 1 January 2023#
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – effective for annual reporting periods beginning on or after 1 January 2023#
- Definition of Accounting Estimates (Amendments to IAS 8) – effective for annual reporting periods beginning on or after 1 January 2023#
- Deferred Tax – Assets and Liabilities arising from a single transaction (Amendments to IAS 12) – effective for annual reporting periods beginning on or after 1 January 2023#

* *Effective for the group's financial year ending 30 June 2023.*

\# *Effective for the group's financial year ending 30 June 2024.*

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

	Note	**2022 R'000**	2021 R'000
Dividend income		**100 000**	–
Distribution received from trust	1	**5 450**	–
Interest income		**8 381**	4 675
Operating expenses		**(8 680)**	(10 971)
Profit/(loss) before income tax	2	**105 151**	(6 296)
Income tax expense	3	**(2 345)**	(1 308)
Profit/(loss)		**102 806**	(7 604)
Total comprehensive income		**102 806**	(7 604)

SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE

	Note	**2022 R'000**	2021 R'000
ASSETS			
Non-current assets			
Interest in subsidiary companies	4	**11 214**	11 214
Total non-current assets		**11 214**	11 214
Current assets			
Prepaid expenses		**72**	–
Cash and cash equivalents	5	**137 899**	181 258
Total current assets		**137 971**	181 258
TOTAL ASSETS		**149 185**	192 472
EQUITY			
Ordinary share capital	6	**1**	1
Share premium		**34 309**	34 309
Retained earnings/(accumulated deficit)		**53 748**	(4 470)
Total equity		**88 058**	29 840
LIABILITIES			
Current liabilities			
Accrued expenses		**151**	165
Shareholders for dividend	7	**886**	71 740
Tax payable		**31**	91
Loan from subsidiary company	8	**60 059**	90 636
Total current liabilities		**61 127**	162 632
TOTAL EQUITY AND LIABILITIES		**149 185**	192 472

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE

R'000	Ordinary share capital	Share premium	Retained earnings/ (accumulated deficit)	Total equity
Balance at 1 July 2020	1	34 309	3 134	37 444
Total comprehensive income				
Loss	–	–	(7 604)	(7 604)
Balance at 30 June 2021	**1**	**34 309**	**(4 470)**	**29 840**
Total comprehensive income				
Profit	**–**	**–**	**102 806**	**102 806**
Transactions with owners recorded directly in equity				
Dividends (refer note 7)	**–**	**–**	**(44 588)**	**(44 588)**
Balance at 30 June 2022	**1**	**34 309**	**53 748**	**88 058**

SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE

	Note	**2022 R'000**	2021 R'000
Cash flow from operating activities			
Operating loss before working capital changes	9	**(8 680)**	(10 971)
Working capital changes	10	**(86)**	111
Cash utilised by operations		**(8 766)**	(10 860)
Interest received		**8 381**	4 675
Tax paid	11	**(2 405)**	(1 542)
Dividends received		**100 000**	–
Distribution received from trust	1	**5 450**	–
Dividends paid	7	**(115 442)**	–
Net cash flow from operating activities		**(12 782)**	(7 727)
Cash flow from financing activities			
Loans received from subsidiary companies		**–**	67 321
Loans repaid to subsidiary companies		**(30 577)**	–
Net cash flow from financing activities		**(30 577)**	67 321
Net movement in cash and cash equivalents		**(43 359)**	59 594
Cash and cash equivalents at beginning of year		**181 258**	121 664
Cash and cash equivalents at end of year	5	**137 899**	181 258

1. SPUR MANAGEMENT SHARE TRUST

The Spur Management Share Trust (the Trust) made a discretionary distribution of the Trust's capital of R5.450 million to the company, as sole capital beneficiary, which is included in profit before income tax for the current year.

2. PROFIT/(LOSS) BEFORE INCOME TAX

	2022 R'000	2021 R'000
The following items have been taken into account in determining profit/(loss) before income tax:		
Consulting fees	**1 845**	395
Directors emoluments (refer note 12)	**4 779**	7 022
JSE listing fees and other related costs	**794**	835

3. INCOME TAX

3.1 Income tax expense

	2022 R'000	2021 R'000
South African current corporate tax – current year	**2 345**	1 308

3.2 Reconciliation of rate of tax

	2022 %	2021 %
South African normal corporate tax rate	**28.0**	28.0
Non-taxable dividend and distribution income	**(28.1)**	–
Non-deductible operating expenditure (capital items and items not in production of income)	**2.3**	(48.8)
Effective tax rate	**2.2**	(20.8)

4. INTEREST IN SUBSIDIARY COMPANIES

	2022 R'000	2021 R'000
Shares at cost less impairment losses	**1**	1
Equity-settled share-based payments on behalf of subsidiary	**11 213**	11 213
Total interest in subsidiary companies	**11 214**	11 214

Equity-settled share-based payments, determined in accordance with *IFRS 2 - Share-based Payments*, by a subsidiary of the company in previous financial years were treated as a further investment in the subsidiary in question.

4. INTEREST IN SUBSIDIARY COMPANIES continued

Details of the share capital and the company's interests in the subsidiary companies are as follows:

	Country of incorporation/ place of business	Issued capital R'000	Loan from subsidiary R'000	% interest in company
Trading				
Direct				
– Share Buy-back (Pty) Ltd	South Africa	0.1		100.0
– Spur Group (Pty) Ltd	South Africa	0.1	60 059 (2021: 90 636)	100.0
– Spur Group Properties (Pty) Ltd	South Africa	0.1		100.0
Indirect				
– Green Point Burger Joint (Pty) Ltd trading as RocoMamas Green Point	South Africa	0.1		90.0[&]
– John Dory's Advertising (Pty) Ltd	South Africa	0.1		100.0
– Nikos Franchise (Pty) Ltd	South Africa	11 052.3		51.0
– Nickilor (Pty) Ltd trading as The Hussar Grill Rondebosch	South Africa	0.1		100.0
– Opilor (Pty) Ltd trading as The Hussar Grill Mouille Point	South Africa	17 500.1		68.0
– Opiset (Pty) Ltd trading as The Hussar Grill Camps Bay	South Africa	0.1		100.0
– Panarottis Advertising (Pty) Ltd	South Africa	0.2		100.0
– RocoMamas Advertising (Pty) Ltd	South Africa	0.1		70.0
– RocoMamas Franchise Co (Pty) Ltd	South Africa	0.1		70.0
– Spur Advertising (Pty) Ltd	South Africa	0.1		100.0
– Nikos Advertising (Pty) Ltd	South Africa	0.1		100.0
– The Hussar Grill Advertising (Pty) Ltd	South Africa	0.1		100.0
– The Morningside Grill (Pty) Ltd trading as The Hussar Grill Morningside	South Africa	0.1		100.0
– Spur International Ltd	British Virgin Islands	104 099.0		100.0
– Steak Ranches International BV	The Netherlands	240 675.0		100.0
– Spur Advertising Namibia (Pty) Ltd	Namibia	0.1		100.0
– Spur Services Namibia (Pty) Ltd	Namibia	0.1		100.0
– Spur Corporation Australia Pty Ltd	Australia	16 129.1		100.0
Dormant[#]		0.5		100.0

[#] *A schedule of these companies is available upon request.*
[&] *The company is able to control 100% of the voting rights.*

Investments in subsidiaries are carried at cost less impairment losses in accordance with the company's accounting policy in this regard.

The interest of the company in the aggregate after tax profits and losses of subsidiaries is as follows:

	2022 R'000	Restated 2021* R'000
Profits	**126 913**	108 335
Losses	**(3 034)**	(8 163)

* *Refer note 4 of the consolidated financial statements.*

5. CASH AND CASH EQUIVALENTS

	2022 R'000	2021 R'000
Cash and cash equivalents comprise:		
Current, call and short-term deposit accounts	**137 899**	181 258

6. ORDINARY SHARE CAPITAL

	2022 R'000	2021 R'000
Authorised		
201 000 000 ordinary shares of 0.001 cents each	**2**	2
Issued and fully paid		
90 996 932 (2021: 90 996 932) ordinary shares of 0.001 cents each	**1**	1

The ordinary shares have equal rights to dividends declared by the company.

In terms of the company's Memorandum of Incorporation, the unissued shares of the company may be issued by the directors of the company only with the approval of the shareholders by way of an ordinary resolution passed at a general meeting. No such authority has been granted.

The company does not have any unlisted shares.

7. DIVIDENDS

	2022 R'000	2021 R'000
Dividends declared are as follows:		
Interim 2022 - dividend of 49.0 cents per share	**44 588**	–
Total dividends to equity holders	**44 588**	–
Shareholders for dividends	**886**	71 740

The interim 2020 dividend of R70.978 million was declared on 26 February 2020 and was due to be paid on 6 April 2020. Following the outbreak of COVID-19 and the potential impact of long-term trading restrictions on the group's cash reserves, the board resolved, in compliance with the Companies Act and the directors' fiduciary duties, to defer the payment of the dividend until future cash flows could be predicted with a greater confidence level. At its meeting on 22 September 2021, the board resolved to proceed with the payment of the interim 2020 dividend on 25 October 2021.

At its meeting on 22 February 2022, the board of directors declared an interim dividend of 49 cents per share in respect of the 2022 financial year.

At its meeting on 18 August 2022, the board of directors has approved a final dividend of 78 cents per share (the equivalent of R70.954 million) in respect of the 2022 financial year, funded by income reserves, to be paid in cash on 19 September 2022. The dividend is subject to the applicable tax levied in terms of the Income Tax Act (Act No. 58 of 1962, as amended) (dividend withholding tax) of 20%. The net dividend is therefore 62.4 cents per share for shareholders liable to pay dividend withholding tax.

The total gross dividend declared relating to the 2022 financial year was 127 cents per share equating to R115.528 million.

7. DIVIDENDS continued

	2022 R'000	2021 R'000
Dividends paid are reconciled to the amount disclosed above as follows:		
Amount payable at beginning of year	**(71 740)**	(71 740)
Dividends declared	**(44 588)**	–
Amount payable at end of year	**886**	71 740
Dividends paid	**(115 442)**	–

8. LOAN FROM SUBSIDIARY COMPANY

	2022 R'000	2021 R'000
Spur Group (Pty) Ltd	**60 059**	90 636

This loan is unsecured, interest free and repayable on demand.

9. OPERATING LOSS BEFORE WORKING CAPITAL CHANGES

	2022 R'000	2021 R'000
Profit/(loss) before income tax	**105 151**	(6 296)
Adjusted for:		
Dividend income	**(100 000)**	–
Distribution received from trust	**(5 450)**	–
Interest income	**(8 381)**	(4 675)
Operating loss before working capital changes	**(8 680)**	(10 971)

10. WORKING CAPITAL CHANGES

	2022 R'000	2021 R'000
(Increase)/decrease in prepaid expenses	**(72)**	20
(Decrease)/increase in accrued expenses	**(14)**	91
Working capital changes	**(86)**	111

11. TAX PAID

	2022 R'000	2021 R'000
Tax paid is reconciled to the amount disclosed in profit or loss as follows:		
Amount payable at beginning of year	**(91)**	(325)
Current tax charged to profit or loss	**(2 345)**	(1 308)
Amount payable at end of year	**31**	91
Tax paid	**(2 405)**	(1 542)

12. DIRECTORS' EMOLUMENTS

	2022 R'000	2021 R'000
The following emoluments were paid by the company:		
For services as directors to the company		
André Parker[1]	**605**	457
Cora Fernandez	**661**	1 176
Jesmane Boggenpoel[1]	**563**	450
Dineo Molefe[2]	**–**	129
Lerato Molebatsi[1]	**576**	486
Mike Bosman	**1 200**	2 289
Mntungwa Morojele[3]	**–**	135
Shirley Zinn	**573**	1 475
Sandile Phillip[1]	**601**	425
Total directors' emoluments	**4 779**	7 022

All other emoluments were paid by subsidiaries of the company. Refer note 42 of the consolidated financial statements on page 87 of this report for further details.

Certain of the non-executive directors' fees are subject to VAT. Notwithstanding that the company is not able to claim VAT input credits on these services, as the VAT paid is not for the benefit of the directors in question, the amounts disclosed above are stated exclusive of VAT.

[1] *Appointed with effect from 15 October 2020 (remuneration includes full month of October 2020).*
[2] *Resigned with effect from 3 September 2020.*
[3] *Resigned with effect from 1 September 2020.*

13. GUARANTEES

The company has provided unlimited guarantees to financial institutions in respect of debts of certain local subsidiary companies. Also refer note 15.2.1.

14. RELATED PARTY DISCLOSURES

Identity of related parties
Refer note 4 for a detailed list of subsidiaries.

Related party transactions
Refer note 8 for the details of the loan from subsidiary company.

Dividend/distribution income was received from the following related parties:

	2022 R'000	2021 R'000
Spur Group (Pty) Ltd	**100 000**	–
Spur Management Share Trust (included in equity) (refer note 1)	**5 450**	–

Details of directors' emoluments are included in note 12.

15. FINANCIAL INSTRUMENTS

15.1 Accounting classification and fair values

The following table shows the carrying amounts of financial assets and liabilities. No financial instruments are required to be subsequently recognised at fair value at the reporting date. Fair value information for financial assets and liabilities not measured at fair value is not disclosed if the carrying amount is a reasonable approximation of fair value.

		Carrying amount – Amortised cost	
	Note	**2022 R'000**	2021 R'000
Cash and cash equivalents	5	**137 899**	181 258
Financial assets		**137 899**	181 258
Accrued expenses		**151**	165
Shareholders for dividend	7	**886**	71 740
Loan from subsidiary company	8	**60 059**	90 636
Financial liabilities		**61 096**	162 541

The company has not disclosed the fair values of the above financial instruments as their carrying amounts are a reasonable approximation of their fair values, given that all the instruments are short-term in nature.

15.2 Financial risk management

The company is exposed to credit risk, liquidity risk and market risk from its use of financial instruments.

The company's objective is to manage effectively each of the above risks associated with its financial instruments, in order to limit the company's exposure as far as possible to any financial loss associated with these risks.

The board of directors has overall responsibility for the establishment and overseeing of the company's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the board of directors on its activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company to the extent that these have an impact on these financial statements.

15. FINANCIAL INSTRUMENTS continued

15.2 Financial risk management continued

15.2.1 Credit risk

Credit risk is the risk of financial loss to the company if a counterparty to a financial asset fails to meet its contractual obligations, and arises principally from financial institutions with which the company holds monetary deposits.

The aggregate carrying amounts of financial assets represents the maximum credit risk exposure and is detailed below:

	Carrying amount	
	2022 R'000	2021 R'000
Cash and cash equivalents	**137 899**	181 258
Maximum credit risk exposure	**137 899**	181 258

The company's cash is placed only with major South African financial institutions of high credit standing. The probability of default rates benchmarked against the external global credit rating equivalent to the credit rating of these financial institutions are negligible and expected credit losses within 12 months from the reporting date are therefore not expected to be material.

As detailed in note 13, the company has provided unlimited guarantees to financial institutions in respect of debts of certain local subsidiaries. The directors regularly review this exposure. As at the reporting date, and for the duration of the year, the directors consider the risk of being called upon to act in terms of the guarantee within 12 months from the reporting date as negligible.

15.2.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company's primary source of income is the dividends received from subsidiary companies and interest on short-term investments. The group's subsidiaries are typically, and have historically been, cash generative. The impact of harsh trading restrictions imposed during the prior years in response to COVID-19 resulted in reduced profitability of the group's subsidiaries, but profitability has improved significantly during the current year as trading restrictions have reduced.

15. FINANCIAL INSTRUMENTS continued

15.2 Financial risk management continued

15.2.2 Liquidity risk continued

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

R'000	Carrying amount	Contractual cash flows Total	Contractual cash flows 1 – 12 months
2022			
Accrued expenses	**151**	**151**	**151**
Shareholders for dividend	**886**	**886**	**886**
Loan from subsidiary company	**60 059**	**60 059**	**60 059**
2021			
Accrued expenses	165	165	165
Shareholders for dividend	71 740	71 740	71 740
Loan from subsidiary company	90 636	90 636	90 636

Where there are no formal repayment terms, the contractual cash flows are assumed to take place within 12 months and no interest is included.

15.2.3 Market risk

The company is not exposed to currency risk as it only transacts in local currency.

The company is not exposed to any price risk.

Interest rate risk

The company's only interest-bearing financial instruments are its cash and cash equivalents. All other financial instruments are non-interest bearing.

In the event that interest rates had increased by 50 basis points for the duration of the year, the table below gives the impact on profit or loss before income tax and equity:

	2022 R'000	2021 R'000
Increase in profit or loss before income tax	**798**	757
Increase in equity	**575**	545

A decrease of 50 basis points in the interest rate would have had an equal, but opposite, impact on profit or loss before income tax and equity to that described above.

15.3 Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the demographic spread of shareholders, the level of distributions to ordinary shareholders, as well as the return on capital. Capital is allocated subject to the board's required return on invested capital being met. Capital consists of total shareholders' equity.

There were no changes in the company's approach to capital management during the year.

16. ACCOUNTING POLICIES

The separate financial statements were prepared using the accounting policies disclosed in note 46 of the consolidated financial statements (on page 99 of this report) to the extent relevant.

None of the standards issued, but not yet applicable in the preparation of these financial statements, as detailed in note 47 of the consolidated financial statements (on page 110 of this report), are expected to have any material impact on the company's financial statements once they become effective.

17. SUBSEQUENT EVENTS

Refer note 7 regarding the declaration of a dividend subsequent to the reporting date.

18. GOING CONCERN

These financial statements have been prepared on the going concern basis. The board has performed a review of the company's ability to continue trading as a going concern for the foreseeable future and, based on this review, considers that the presentation of the financial statements on this basis is appropriate. Also refer note 2 of the consolidated financial statements on page 24 of this report.

CORPORATE INFORMATION

ADMINISTRATION

Registration number: 1998/000828/06

Registered address: 14 Edison Way, Century Gate Business Park, Century City, 7441

Postal address: PO Box 166, Century City, 7446

Telephone: +27 21 555 5100

Fax: +27 21 555 5111

Email: spur@spur.co.za

Internet: http://www.spurcorporation.com

Transfer secretaries
Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132
Telephone: +27 11 370 5000

External auditors: PricewaterhouseCoopers Inc.

Internal auditors: BDO Advisory Services Proprietary Limited

Attorneys: Bernadt Vukic Potash & Getz

Sponsor: Questco Corporate Advisory Proprietary Limited

Company secretary
Donfrey Meyer
14 Edison Way, Century Gate Business Park, Century City, 7441
PO Box 166 Century City, 7441
Telephone: +27 21 555 5100
Email address: companysecretary@spurcorp.com

DIRECTORS AT THE DATE OF THIS REPORT

Independent non-executive directors

Mr Mike Bosman – independent non-executive chair
Ms Cora Fernandez – lead independent*
Dr Shirley Zinn*
Ms Jesmane Boggenpoel
Ms Lerato Molebatsi
Mr André Parker
Mr Sandile Phillip

Executive directors

Ms Val Nichas – group chief executive officer
Ms Cristina Teixeira – group chief financial officer
Mr Kevin Robertson – group chief operations officer

PAST DIRECTORS

Mr Sacha du Plessis – chief marketing officer (resigned 15 September 2021)

* *Dr Shirley Zinn succeeded Ms Cora Fernandez as lead independent director on 18 August 2022. Ms Fernandez served as lead independent director for two years. Dr Zinn's appointment as lead independent director is for a period of one year (subject to reappointment) in terms of the company's lead independent director charter.*

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www.linkedin.com/company/spur-group