Guzman y Gomez (Holdings) Limited

ABN: 25 125 554 743

Annual Report
30 June 2022

Contents

This financial report covers the Entity of Guzman y Gomez (Holdings) Limited (the "Company"). The financial report is presented in Australian dollars.

The Company is an unlisted public company limited by shares, incorporated and domiciled in Australia.

Its registered office is:
Level 5
126-130 Phillip Street
Sydney NSW 2000

The principal place of business is:
Level 2
64-76 Kippax Street
Surry Hills
NSW 2010

A description of the nature of the Company's operations and its principal activities is included in the Directors' report on pages 1-4.

The financial report was authorised for issue by the Directors on 30 August 2022. The Company has the power to amend and reissue the financial report.

Directors' report
for the year ended 30 June 2022

The directors present their report together with the consolidated financial statements of the consolidated entity comprising of Guzman y Gomez (Holdings) Limited (the Company or "GYG") and controlled entities for the financial year ended 30 June 2022 and the auditor's report thereon.

Directors

Name	Appointed	Resigned
Mr Steven Todd Marks	23 May 2007	
Mr Robert Jacob Hazan	30 May 2007	
Mr Stephen Craig Jermyn	18 July 2014	
Mr Gaetano Alfred Russo	18 July 2014	
Mr Bruce Eaton Buchanan	25 August 2016	
Mr Humberto Maradiegue	13 August 2018	
Mr Hilton Brett	13 August 2018	
Mr Thomas Donald Mckenzie Cowan	13 August 2018	
Ms Jacqueline Coombes	24 June 2020	
Mr Craig Wright	02 February 2021	20 June 2022

The directors noted above have been appointed directors for the financial year and to the date of this report unless otherwise noted.

Company secretary

The appointed company secretary is Claudine Mary Tarabay.

Principal activities

The principal activities of the consolidated entity during the course of the financial year was the sale of Mexican inspired food through a chain of quick service restaurants and the management of a franchise business engaged in the same business. The consolidated entity operates corporate restaurants in Australia and USA and manages franchisee restaurants in Australia, Singapore, and Japan. There were no significant changes in the nature of the activities of the consolidated entity during the year.

Operating and financial review

The profit after tax of the consolidated entity for the year ended 30 June 2022 was $3,911k (2021: $3,988k).

Non-AASB financial measures are financial measures other than those defined or specified under all relevant accounting standards. The consolidated entity uses non-AASB financial measures to monitor and report on the performance of the business on an ongoing basis. In particular, the consolidated entity reports on Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and Underlying EBITDA, as the board and management of the consolidated entity believe that these are the best measures of the underlying performance of the business. These measures are in common and widespread use across the sectors in which the business operates.

A reconciliation between reported profit and Underlying EBITDA for the year ended 30 June 2022 is as follows:

	FY22							FY21						
	Statutory	AASB 16 Adjust-ments	AASB 2 Share based payments	Costs associated with establish-ment of US business	Non-cash revenue[i]	One-off income and expenses	Underlying	Statutory	AASB 16 Adjust-ments	AASB 2 Share based payments	Costs associated with establish-ment of US business	Non-cash revenue[i]	One-off income and expenses	Underlying
Network Sales	141,690	-	-	-		-	141,690	95,837	-	-	-		-	95,837
Other Revenue	30,102	-	-	-		-	30,102	23,694	-	-	-		-	23,694
EBITDA [ii]	**23,906**	**(7,979)**	**1,436**	**2,174**	**(96)**	**1,171**	**20,612**	**18,653**	**(5,928)**	**2,119**	**960**	**(90)**	**207**	**15,921**
Depreciation and Amortisation	14,460	(6,656)		-	-	-	7,804	10,108	(5,171)	-	-	-	-	4,937
EBIT	**9,446**	**(1,323)**	**1,436**	**2,174**	**(96)**	**1,171**	**12,808**	**8,545**	**(757)**	**2,119**	**960**	**(90)**	**207**	**10,984**
Interest paid/(earned)	2,835	(2,829)	-	-	-	-	6	2,221	(2,252)	-	-	-	-	(31)
NPBT	**6,611**	**1,506**	**1,436**	**2,174**	**(96)**	**1,171**	**12,802**	**6,324**	**1,495**	**2,119**	**960**	**(90)**	**207**	**11,015**

(i) Represents amortisation of franchise fees less cash received for new franchisees.
(ii) EBITDA includes $705k of State Government Grants in FY22 and $2,074k Jobkeeper in FY21.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Dividends

No dividends were paid or declared by the Company to its members in respect of the year ended 30 June 2022 (2021: nil).

Events subsequent to reporting date

The company has established an incentive plan for certain employees in the US (North American Leadership Team, "NALT"). Under the incentive plan ("NALT Plan") performance rights will be issued which will entitle NALT employees to convert the rights into shares. At the date of signing the financial statements no performance rights have been issued.

The NALT Plan will entitle the holder to shares in the Company to the value defined in the agreement, based on 3.5 times the 12-month trailing network revenue within the United States, multiplied by a specified participation percentage up to 10%. This entitlement is subject to a hurdle requirement of US network sales exceeding US$160m at the end of the five year vesting period. The performance rights are also subject to service and other vesting conditions. At the date of signing of the financial statements, no performance rights under the NALT Plan have been issued and the directors expect these performance rights to be issued in the first half of FY23.

Other than the matter set out above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the consolidated entity, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Likely developments and expected results of operations

Information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Share options

Unissued ordinary shares of the consolidated entity under option as at 30 June 2022 are as follows:

Grant date	Expiry date	Exercise price $	Number under option No.
11 September 2015	10 September 2025	319.76	3,042
27 June 2017	27 June 2027	410.15	176
14 February 2020	30 June 2026	495.00	18,527
28 July 2020	30 June 2026	495.00	2,366
15 September 2020	30 June 2026	495.00	815
20 October 2020	30 June 2027	495.00	800
9 December 2020	30 June 2026	495.00	160
12 November 2021	30 June 2027	2,500.00	400
12 November 2021	30 June 2028	2,500.00	3,425
26 April 2022	30 June 2028	2,500.00	450
26 April 2022	30 June 2027	495.00	30
27 May 2022	30 March 2024	3,270.00	4,122
27 May 2022	30 March 2025	3,597.00	4,122
27 May 2022	30 March 2026	3,957.00	4,121
			42,556

Further details of the options issued are set out in Notes 18 and 29 to the financial statements.

Indemnification and insurance of officers and auditors

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium of $65k in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

Rounding of amounts

In accordance with Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the rounding of amounts in the financial statements amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Gaetano Alfred Russo
Chairman
Sydney
30 August 2022

Steven Todd Marks
Founder and CEO
Sydney
30 August 2022

Deloitte.

Deloitte Touche Tohmatsu
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The Directors
Guzman y Gomez (Holdings) Limited
Level 5, 126-130 Phillip Street
Sydney NSW 2000

30 August 2022

Dear Board Members

Guzman y Gomez (Holdings) Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Guzman y Gomez (Holdings) Limited.

As lead audit partner for the audit of the financial report of Guzman y Gomez (Holdings) Limited for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

Damien Cork
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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Independent Auditor’s Report to the Members of Guzman y Gomez (Holdings) Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Guzman y Gomez (Holdings) Limited (the “Company”) and its controlled entities (the “consolidated entity”) which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors’ declaration.

In our opinion, the accompanying financial report of the consolidated entity is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated entity financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor’s report.

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

Deloitte.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the consolidated entity 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 consolidated entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 consolidated entity'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 consolidated entity'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 financial report 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 consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents 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 consolidated to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Damien Cork
Partner
Chartered Accountants

Sydney, 30 August 2022

Directors' declaration
for the year ended 30 June 2022

In the opinion of the directors of Guzman y Gomez (Holdings) Limited (the Company):

a) the consolidated financial statements and notes that are set out on pages 10 to 54, are in accordance with the Corporations Act 2001, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

 (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

At the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 27 will be able to meet their obligations or liabilities to which they are, or may become, subject to by virtue of the deed of cross guarantee described in Note 27.

Signed in accordance with a resolution of directors.

Gaetano Alfred Russo
Chairman
Sydney
30 August 2022

Steven Todd Marks
Founder and CEO
Sydney
30 August 2022

Consolidated statement of profit or loss and other comprehensive income
for the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Revenue	4	171,792	119,531
Cost of sales		(44,194)	(31,796)
Gross profit		127,598	87,735
Other revenue and income	5	12,787	11,429
Marketing expense		(13,987)	(10,725)
Occupancy expense		(1,681)	(2,088)
Administrative expenses		(106,996)	(71,849)
Other expenses		(8,275)	(5,957)
Operating profit	6	9,446	8,545
Finance income		3,173	2,935
Finance costs		(6,008)	(5,156)
Net finance costs		(2,835)	(2,221)
Profit before income tax		6,611	6,324
Income tax expense	7	(2,700)	(2,336)
Profit after income tax expense for the year		3,911	3,988
Items that may be reclassified subsequently to profit or loss			
Translation of foreign operations		8	(9)
Other comprehensive income, net of tax		8	(9)
Total comprehensive income for the year		3,919	3,979

These financial statements should be read in conjunction with the accompanying notes

Consolidated statement of financial position
as at 30 June 2022

	Note	2022 $'000	2021 $'000
Current assets			
Cash and cash equivalents	8	54,427	62,091
Trade and other receivables	9	16,352	4,993
Inventories	10	1,987	1,652
Finance lease receivable	17	10,898	10,731
Other assets	11	2,799	2,056
Total current assets		86,463	81,523
Non-current assets			
Trade and other receivables	9	594	389
Property, plant and equipment	12	36,563	21,516
Right-of-use assets	17	49,127	46,032
Finance lease receivable	17	57,540	48,873
Intangible assets	13	15,410	6,494
Deferred tax assets	7	2,732	5,554
Total non-current assets		161,966	128,858
Total assets		248,429	210,381
Current liabilities			
Trade and other payables	14	28,008	17,097
Contract liabilities	4	1,352	1,293
Borrowings	15	3,358	491
Lease liabilities	17	16,811	15,388
Provisions	16	3,524	5,455
Total current liabilities		53,053	39,724
Non-current liabilities			
Contract liabilities	4	1,900	2,080
Borrowings	15	-	3,356
Lease liabilities	17	109,763	96,709
Provisions	16	2,614	2,189
Total non-current liabilities		114,277	104,334
Total liabilities		167,330	144,058
Net assets		81,099	66,323
Equity			
Issued capital	18	99,163	90,255
Reserves		6,526	4,569
Accumulated losses		(24,590)	(28,501)
Total equity		81,099	66,323

These financial statements should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity
for the year ended 30 June 2022

	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2020	54,591	2,398	(32,489)	24,500
Loss for the year	-	-	3,988	3,988
Other comprehensive income for the year, net of tax	-	(9)	-	(9)
Total comprehensive loss for the year	-	(9)	3,988	3,979
Contributions of equity, net of transaction costs	35,664	-	-	35,664
Option fees contributed	-	61	-	61
Share-based payments	-	2,119	-	2,119
Total transactions with owners of the Company	35,664	2,180	-	37,844
Balance at 30 June 2021	90,255	4,569	(28,501)	66,323
Balance at 1 July 2021	90,255	4,569	(28,501)	66,323
Profit for the year	-	-	3,911	3,911
Other comprehensive income for the year, net of tax	-	8	-	8
Total comprehensive income for the year	-	8	3,911	3,919
Contributions of equity, net of transaction costs	8,908	-	-	8,908
Option fees contributed	-	513	-	513
Share-based payments	-	1,436	-	1,436
Total transactions with owners of the Company	8,908	1,949	-	10,857
Balance at 30 June 2022	99,163	6,526	(24,590)	81,099

These financial statements should be read in conjunction with the accompanying notes

Consolidated statement of cash flows
for the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers		190,582	140,762
Payments to suppliers and employees		(167,681)	(115,976)
Cash generated from operations		22,901	24,786
Interest received		3,173	2,935
Interest paid		(6,008)	(5,156)
Income taxes (paid)/refunded		(422)	501
Net cash inflow from operating activities	8	19,644	23,066
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment			-
Acquisition of intangible assets		(7,011)	(3,496)
Acquisition of property, plant and equipment		(19,392)	(11,667)
Proceeds on sale of franchises	30	530	-
Payment for business, net of cash acquired	30	(5,825)	(2,393)
Net cash used in investing activities		(31,698)	(17,556)
Cash flows from financing activities			
Proceeds from issue of share capital		8,908	35,664
Option fees received		79	61
Repayment of borrowings		(489)	(501)
Proceeds from borrowings		-	674
Payments of lease liabilities		(4,108)	(3,676)
Net cash from financing activities		4,390	32,222
Net (decrease)/increase in cash and cash equivalents		(7,664)	37,732
Cash and cash equivalents at the beginning of the year		62,091	24,359
Cash and cash equivalents at the end of the year	8	54,427	62,091

These financial statements should be read in conjunction with the accompanying notes

Note 1. Reporting entity

The Company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office is Level 5, 126-130 Phillip Street Sydney NSW 2000. The Company's principal place of business is Level 2, 64-76 Kippax Street, Surry Hills, NSW 2010.

The consolidated financial statements of the Company as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the "consolidated entity"). The ultimate parent entity is Guzman y Gomez (Holdings) Limited.

The consolidated entity is a for-profit entity and is primarily involved in the sale of Mexican inspired food through a chain of quick service restaurants and the management of a franchise business engaged in the same business. The consolidated entity operates corporate restaurants in Australia and the USA and manages franchisee restaurants in Australia, Singapore, and Japan.

Note 2. Basis of preparation

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

Approval of financial statements

The consolidated financial statements were authorised for issue by the Board of Directors on 30 August 2022.

Basis of measurement

The financial statements have been prepared on the basis of the historical cost method.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity has a net surplus of current assets less current liabilities of $33,410k (2021: surplus of $41,799k).

Functional and presentation currency

The functional and presentation currency is Australian Dollars (AUD).

Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

AASB 16 *Leases* – extension options
Extension and termination options are included in a number of property lease agreements. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. These include relevant factors such as the store performance, the remaining useful life of the store plant & equipment and remaining term of the licence to franchisees where relevant. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The lease term is reassessed if and when an option becomes reasonably certain.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity recognises assets for restaurant fitouts and right-of-use assets relating to restaurants which it operates, as well as right-of-use assets for franchised restaurants. The consolidated entity assesses impairment of these and other non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions such as restaurant sales and cost growth, lease term, renewal options and discounted by an appropriate discount rate.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and tax losses only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The recoverability of these deferred tax assets is dependent on assumptions relating to future taxable profits expected to be generated by the consolidated entity in the jurisdiction to which they relate.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with the closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 3. Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 25.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Guzman y Gomez (Holdings) Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in these financial statements as the ‘consolidated entity’.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(c) Foreign currency translation

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(d) Revenue recognition

Under AASB 15, revenue is measured based on the consideration specified in a contract with a customer. The consolidated entity 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.

Service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 15
Sale of goods	- Customer obtain control of goods when good are delivered. - Invoices are generated at a point in time upon receipt of goods. - No significant financing component. - No variable consideration.	Revenue is recognised when control of the inventory transfers to the customer.
Franchising revenue	**Initial franchising revenue** - Upfront fees - No variable consideration **Other franchising revenue** - Percentage of sales - Point in time	Initial franchising fees are recognised as revenue on a straight-line basis over the term of the respective franchise agreement. This is on the basis that the consolidated entity has determined that the services provided in exchange for the initial fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services provided to the franchisees. Other franchising revenue associated with continuing sales-based royalties and marketing is recognised when the related franchisee sales occurs. The consolidated entity also provides services to franchisees which are carried out in accordance with the contract. Service revenue is recognised as the performance obligation is satisfied which is when the services are rendered.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

(e) Government grants

Government grants are assistance by the government in the form of transfers of resources to the consolidated entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the consolidated entity other than the requirement to operate in certain regions or industry sectors.

Government grants are not recognised until there is reasonable assurance that the consolidated entity will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the consolidated entity recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated entity with no future related costs are recognised in profit or loss in the period in which they become receivable. The grant income has been recognised in the consolidated statement of profit and loss on a net basis against the applicable expense category.

(f) Finance income and finance costs

The consolidated entity's finance income and finance expense includes:
- interest income on funds invested;
- interest expense; and
- the net foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

(g) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

The consolidated entity's Australian subsidiaries are part of a tax-consolidated group under Australian taxation law, of which the Company is the head entity. The Company and the controlled entities in the tax-consolidated group account for tax amounts as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. The consolidated current and deferred tax amounts for the tax-consolidated group are allocated to the members of the tax-consolidated group using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly owned entities in the tax consolidated group fully compensate the Company for any current tax payable assumed and are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Company under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

(h) Current and non-current classification

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.
Deferred tax assets and liabilities are always classified as non-current.

(i) Financial instruments

Financial assets
Financial assets of the consolidated entity include cash and cash equivalents and trade and other receivables.

Recognition and initial measurement
Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the consolidated entity becomes a party to the contractual provisions of the instrument.

A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement
On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; FVOCI - equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the consolidated entity changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Business model assessment
The consolidated entity makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the consolidated entity's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the consolidated entity considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the consolidated entity 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 consolidated entity's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Classification and subsequent measurement
The consolidated entity recognises its financial assets at amortised cost as they meet both of the following conditions and are not designated as at FVTPL:
- are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement and gains and losses
Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Provision for impairment of receivables
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the consolidated entity in accordance with the contract and the cash flows that the consolidated entity expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Financial liabilities
Classification, subsequent measurement and gains and losses
Financial liabilities of the consolidated entity include trade and other payables, and borrowings. The consolidated entity recognises the financial liabilities at amortised cost using the effective interest method as they are not classified as held-for-trading, not a derivative or not designated as such on initial recognition. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for a least 12 months after the reporting date.

Derecognition
Financial assets
The consolidated entity derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the consolidated entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities
The consolidated entity derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the consolidated entity currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Share capital
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 any tax effects.

(j) Inventories

Stock on hand and equipment for resale is stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	Life of the lease (3-15 years)
Plant and equipment	1-20 years
Make good assets	Life of the lease (3-15 years)
Computer equipment	1-8 years
Motor vehicles	8 years
Office equipment	1-20 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(l) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost.

Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the de recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks
Significant costs associated with patents and trademarks are considered impaired when there has been a significant or prolonged decline in value below initial cost.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2-5 years.

Reacquired rights
Significant costs associated with reacquired rights are deferred and amortised on a straight-line basis over the period of the franchising contract.

During the year, the Company revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented below. There was no material impact of this change in accounting policy for amounts presented in prior periods.

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider’s application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

(m) Leases

The consolidated entity as lessee

The consolidated entity assesses whether a contract is or contains a lease, at inception of the contract. The consolidated entity recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the consolidated entity recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The consolidated entity remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the consolidated entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer ownership of the underlying asset or the cost of the right-of-use asset reflects that the consolidated entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position. The consolidated entity applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in other expenses in the profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The consolidated entity has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the consolidated entity allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The consolidated entity as lessor

The consolidated entity enters into lease agreements as a lessor for franchisee restaurants.

Leases for which the consolidated entity is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the consolidated entity is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as receivables at the amount of the consolidated entity’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the consolidated entity’s net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the consolidated entity applies AASB 15 to allocate the consideration under the contract to each component.

(n) Impairment

Non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(o) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(p) Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments as the date at which they are granted. The accounting estimates and assumptions relating to equity-settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact on expenses and equity.

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If the equity-settled awards are forfeited, the previously recognised expense is de-recognised immediately.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(q) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(r) Goods and Services Tax ('GST') and other similar taxes

Revenues and expenses are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(s) Deed of cross guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the wholly-owned subsidiaries described in Note 27 are relieved from the Corporations Act 2001 requirements for the preparation, audit and lodgement of financial reports. It is a condition of the class order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee (**Deed**). Under the Deed the Company guarantees the payment of all debts of each of the subsidiaries in full, in the event of a winding up. The subsidiaries in turn guarantee the payment of the debts of the Company in full in the event that it is wound up.

(t) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of the new or amended Accounting Standards and Interpretations has not resulted in any material impacts to amounts and disclosures in the financial report.

(u) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below:

Standards in issue but not yet effective	
New or revised requirement	**When effective**
AASB 2014-10 Amendments to AASs − Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Applicable to annual reporting periods beginning on or after 1 January 2022
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	Effective for annual reporting periods beginning on or after 1 January 2022
AASB 2020-1 Amendments to AASs − Classification of Liabilities as Current or Non-current	Effective for annual reporting periods beginning on or after 1 January 2023
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	Effective for annual reporting periods beginning on or after 1 January 2023
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Effective for annual reporting periods beginning on or after 1 January 2023

(v) Rounding of amounts

In accordance with Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the rounding off amounts in the financial statements amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

Note 4. Revenue

	2022 $'000	2021 $'000
Sales revenue	141,690	95,837
Franchising revenue:		
Initial franchising revenue	596	590
Other franchising revenue	29,506	23,104
Total revenue	171,792	119,531

Geographical disaggregation

Australia:		
Sales revenue	139,217	93,346
Initial franchising revenue	596	590
Other franchising revenue	28,234	22,183
USA:		
Sales revenue	2,473	2,491
Other:		
Other franchising revenue	1,272	921
	171,792	119,531

Contract liabilities
Contract liabilities consist of deferred franchise fees, gift card liabilities and loyalty program liabilities. The consolidated entity's franchise agreements typically require certain one off fees. These fees include initial fees paid upon executing a franchise agreement. Upon adoption of AASB 15, the consolidated entity has determined that the initial fees are interrelated with the franchise right and not individually distinct from the ongoing services provided to the franchisees. As a result, initial fees are recognised on a straight line basis over the term of the franchise agreement, typically 10 years.

The consolidated entity has recognised the following deferred franchise fees and other deferred items as contract liabilities:

	2022 $'000	2021 $'000
Within 1 year	1,352	1,293
More than 1 year	1,900	2,080
	3,252	3,373

Revenue recognised in the reporting period that was included in the contract liability balance at 1 July	1,293	1,396
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (for example, changes in transaction price)	-	-

Note 5. Other revenue and income

	2022 $'000	2021 $'000
Franchising marketing levy revenue	10,312	8,263
Net gain/(loss) on disposal of property, plant and equipment	40	(68)
Gain on sale of franchises	15	
Gain on acquisition of franchises	57	-
Stock for resale income	94	1,233
Other revenue	2,269	2,001
Total other revenue and income	12,787	11,429

Note 6. Expenses

	2022 $'000	2021 $'000
Cost of sales	44,194	31,796
Depreciation		
Leasehold improvements	1,550	1,248
Plant and equipment	2,334	1,457
Make good assets	168	112
Computer equipment and motor vehicles	705	332
Office equipment	584	388
Right-of-use assets	6,656	5,171
Total depreciation	11,997	8,708
Amortisation		
Other intangible assets	2,463	1,400
	14,460	10,108
Net foreign exchange (gain)/loss		
Net foreign exchange (gain)/loss	(72)	(50)
Rental expenses (i)		
Rental expenses	1,127	1,690
Employee benefits		
Defined contribution superannuation expense	5,324	3,363
Equity-settled share based payment transactions expense	1,436	2,119
Employee benefits expense excluding superannuation (ii)	65,130	42,953

(i) Rental expenses in the current year relate to percentage rents, short term leases and low value leases.

(ii) During the year, the consolidated entity was eligible for certain COVID 19 grants from the Victorian State Government. A total of $705k in receipts was recognised as a reduction in employee expenses in the statement of profit or loss.

In the prior year, the consolidated entity was eligible for $3,062k of Jobkeeper wage subsidies. Of the total amount claimed, $2,074k was paid to employees who were otherwise remunerated up to or more than the subsidy. The remaining $987k was passed directly to employees who were either not working or did not work sufficient hours to be otherwise remunerated more than the subsidy. To the extent they were paid to employees who were otherwise remunerated up to or more than the subsidy, the Jobkeeper subsidies were recorded as a reduction in employee expenses in the statement of profit or loss.

Note 7. Income tax

	2022 $'000	2021 $'000
Current tax		
Current tax expense	489	1,768
Deferred tax expense	2,881	981
Under provision for tax in prior periods – current tax	(32)	-
Under/(over) provision for tax in prior periods – deferred tax	(638)	(413)
	2,700	2,336
Numerical reconciliation between tax expense and pre-tax accounting profit		
Profit/(loss) for the year before income tax expense	6,611	6,324
Tax using the consolidated entity's domestic tax rate 30% (2021: 30%)	1,983	1,897
Tax effect of the amounts in calculating taxable income:		
- Non-deductible expenses	533	628
- Deferred tax assets not brought to account	854	311
- Withholding tax	-	(87)
- Adjustment for reacquired rights in the prior period	(590)	-
- (Over)/under provision for tax in prior periods	(80)	(413)
Income tax expense	2,700	2,336

At 30 June 2022, there were $1,366k of carry forward capital losses which can be utilised by the consolidated entity in future financial years against any capital gains. No deferred tax asset has been recognised for this amount. Tax losses of $1,630k was recognised in the current year and can be utilised by the consolidating entity in the future financial years to offset taxable income. A deferred tax asset of $489k was recognised on this amount. Deferred tax assets relating to the Australian operations have been recognised as, in the opinion of the directors, there will be sufficient profits generated to recover these deferred tax assets in future. The deferred tax assets of the Australian operations comprise $2,732k (2021: $5,554k) deferred tax recognised on temporary differences and $489k (2021: $nil) of tax losses.

In addition, there were $4,845 (2021: $2,240k) of tax losses relating to the USA operations. These have not been recognised as in the opinion of the directors there is insufficient likelihood that taxable profits will be generated in the USA to recover the tax losses.

	2022 $'000	2021 $'000
Recognised deferred tax assets		
Deferred tax assets are attributable to the following:		
Trade and other receivables	19	167
Property, plant and equipment	(4,529)	(2,088)
Employee benefits	1,021	1,793
Provisions	1,080	908
Blackhole expenditure	881	1,787
Other liabilities	413	195
Leases	2,645	1,903
Contract liabilities	713	889
Deferred tax assets – temporary differences	2,243	5,554
Deferred tax assets – tax losses	489	-
Total	2,732	5,554

All movements in deferred taxes have been recognised in profit or loss.

Note 8. Cash and cash equivalents

	2022 $'000	2021 $'000
Cash on hand	115	97
Cash at bank	14,273	11,993
Cash equivalents – term deposit	40,039	50,001
	54,427	62,091

Reconciliation of profit after income tax to net cash from operating activities:

Cash flows from operating activities

	2022 $'000	2021 $'000
Profit for the year	3,911	3,988
Adjustments for:		
Depreciation and amortisation expenses	14,460	10,108
Impairment expense	-	-
Share-based payments	1,436	2,119
Loss/(gain) on disposal of property, plant and equipment	(40)	68
Profit on the sale of business	(15)	-
Gain on acquisition of business	(57)	-
Change in operating assets and liabilities:		
Change in trade and other receivables	(11,130)	(2,748)
Change in inventories	(303)	586
Change in deferred tax assets	2,822	2,067
Change in other assets	(743)	(1,050)
Change in trade payables and other liabilities	10,809	5,127
Change in provisions	(1,506)	2,801
Net cash from operating activities	19,644	23,066

Changes in liabilities arising from financing activities

	Opening Balance $'000	Financing cash flows $'000	Non-cash changes: Adoption of AASB 16 $'000	Net additions $'000	Franchisee lease payments (a) $'000	Closing balance $'000
30 June 2022						
Movements in financing activities:						
Borrowings	3,847	(489)	-	-	-	3,358
Lease liabilities	112,097	(4,108)	-	29,584	(10,999)	126,574
	115,944	(4,597)	-	29,584	(10,999)	129,932
30 June 2021						
Movements in financing activities:						
Borrowings	3,674	173	-	-	-	3,847
Lease liabilities	99,130	(3,676)	-	28,006	(11,363)	112,097
	102,804	(3,503)	-	28,006	(11,363)	115,944

(a) Sub-lease payments are paid directly by the franchisee and so are excluded from the consolidated statement of cash flows.

Note 9. Trade and other receivables

	2022 $'000	2021 $'000
Current		
Trade receivables	7,195	4,326
Less: provision for impairment of receivables	(200)	(200)
	6,995	4,126
Other receivables	9,069	808
Tax receivable	-	-
Employee loans	288	59
	16,352	4,993
Non-current		
Employee loans	594	389

Impairment of receivables
The consolidated entity has recognised an impairment of $nil (2021: $nil) in the statement of profit and loss for the year ended 30 June 2022.

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $1,389 as at 30 June 2022 ($297k as at 30 June 2021).

Following a review of the credit terms of customers, recent collections practices and other factors, the consolidated entity has determined that there is no credit risk on the remaining aggregate balance of receivables. The ageing of the trade receivables excluding the provision for impairment are as follows:

	2022 $'000	2021 $'000
0 to 3 months	5,667	4,177
3 to 6 months	194	33
6 months+	1,186	39
	7,047	4,249

Note 10. Inventories

	2022 $'000	2021 $'000
Stock on hand- at cost	984	972
Equipment for resale- at cost	1,003	680
	1,987	1,652

Note 11. Other assets

	2022 $'000	2021 $'000
Prepayments	2,241	1,498
Bank guarantee security	558	558
	2,799	2,056

Note 12. Property, plant and equipment

	2022 $'000	2021 $'000
Leasehold improvements		
At cost	25,382	16,397
Accumulated depreciation	(5,509)	(3,955)
Accumulated impairment	(4,530)	(4,530)
	15,343	7,912
Plant & equipment		
At cost	17,841	12,742
Accumulated depreciation	(5,297)	(3,025)
Accumulated impairment	(1,978)	(1,978)
	10,566	7,739
Motor vehicles		
At cost	15	15
Accumulated depreciation	(15)	(15)
	-	-
Computer equipment		
At cost	4,604	3,585
Accumulated depreciation	(2,220)	(1,520)
Accumulated impairment	(186)	(186)
	2,198	1,879
Office equipment		
At cost	4,339	3,291
Accumulated depreciation	(1,455)	(880)
Accumulated impairment	(417)	(417)
	2,467	1,994
Make good assets		
At cost	2,713	2,036
Accumulated depreciation	(1,080)	(912)
Accumulated impairment	(138)	(138)
	1,495	986
Site construction assets	4,494	1,006
	36,563	21,516

Note 12. Property, plant and equipment

	Leasehold improvements $'000	Plant and equipment $'000	Make good assets $'000	Computer equipment and motor vehicles $'000	Office equipment $'000	Total $'000
Cost						
Balance at 1 July 2020	11,793	6,619	1,376	2,118	1,886	23,792
Additions	4,721	6,198	660	1,484	1,408	14,471
Disposals	(109)	(69)	-	-	-	(178)
Foreign exchange differences	(8)	(6)	-	(2)	(3)	(19)
Balance at 30 June 2021	16,397	12,742	2,036	3,600	3,291	38,066
Additions[1]	8,991	5,435	677	1,066	1,128	17,297
Disposals	-	(331)	-	(45)	(76)	(452)
Foreign exchange differences	(6)	(5)	-	(2)	(4)	(17)
Balance at 30 June 2022	25,382	17,841	2,713	4,619	4,339	54,894
Accumulated depreciation						
Balance at 1 July 2020	7,346	3,554	938	1,390	912	14,140
Depreciation expense	1,248	1,457	112	332	388	3,537
Disposals	(104)	(6)	-	-	-	(110)
Impairment of assets	-	-	-	-	-	-
Foreign exchange differences	(5)	(2)	-	(1)	(3)	(11)
Balance at 30 June 2021	8,485	5,003	1,050	1,721	1,297	17,556
Depreciation expense	1,550	2,334	168	705	584	5,341
Disposals	-	(65)	-	(6)	(11)	(82)
Impairment of assets	-	-	-	-	-	-
Foreign exchange differences	4	3	-	1	2	10
Balance at 30 June 2022	10,039	7,275	1,218	2,421	1,872	22,825
Net book value						
30 June 2021	7,912	7,739	986	1,879	1,994	20,510
30 June 2022	15,343	10,566	1,495	2,198	2,467	32,069

[1] Includes $1,460k of additions acquired through business combinations as set out in Note 30.

Impairment of assets

At the end of each reporting period, the consolidated entity reviews the carrying amounts of its property plant and equipment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

For impairment testing purposes, the consolidated entity has determined that each store is a separate CGU. Each CGU is tested for impairment at the end of the reporting period if there are indicators of impairment. The value in use of each CGU is calculated based on the board-approved forecast for the next 12 months after the reporting date. Cash flows beyond the first year are projected based on long term growth rates to the end of the lease term. No impairment of non-current assets was recognised during the year.

Note 13. Intangible assets

	2022 $'000	2021 $'000
Goodwill		
At cost	874	874
Accumulated impairment	(97)	(97)
	777	777
Patents and trademarks - at cost	472	435
Software		
At cost	11,232	3,016
Accumulated amortisation	(2,843)	(1,327)
	8,389	1,689
Reacquired rights		
At cost	7,316	2,948
Accumulated amortisation	(2,241)	(1,294)
	5,075	1,654
Intangible assets under construction	697	1,939
	15,410	6,494

Note 14. Trade and other payables

	2022 $'000	2021 $'000
Current		
Trade payables	12,946	5,448
Other payables	15,062	11,106
Tax payable	-	543
	28,008	17,097

Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing and have an average term of 30 days.

Note 15. Borrowings

	2022 $'000	2021 $'000
Amortising facility	3,375	875
Growth facility	-	3,000
Less: unamortised borrowing costs	(17)	(28)
	3,358	3,847
Presented as:		
Current	3,358	491
Non-current	-	3,356
	3,358	3,847

During the prior year, the consolidated entity entered into a debt facility with an Australian bank. The facility has two components as follows:

- Amortising facility – This facility, of $1,500k on establishment, has a term of three years and expires on 31 January 2023. The facility includes quarterly repayments throughout the term.
- Growth facility – This facility of $3,000k has a term of three years and expires on 31 January 2023. It is repayable on expiry. On 3 July 2020 the consolidated entity drew down the remaining unutilised facility balance of $674k.

The weighted average effective interest rate on bank loans at 30 June 2022 is 3.50% (2021: 4.18%). All banking facilities are secured by way of a floating charge over the assets of the consolidated entity.

The facilities are subject to a number of financial covenants. The consolidated entity is in compliance with these financial covenants at 30 June 2022.

Note 16. Provisions

	2022 $'000	2021 $'000
Current		
Annual leave	2,875	2,555
Current long service leave	354	-
Other employee provisions	295	2,900
	3,524	5,455
Non-current		
Long service leave	267	519
Provision for make good	2,347	1,670
	2,614	2,189

Note 17. Leases

The consolidated entity has lease contracts for offices and restaurants ('principal leases'). Where the consolidated entity does not operate a corporate restaurant from the premises, it licences the premises to franchisees by way of a property licence deed under which the franchisees assume the lease liabilities for the term of the property licence deed ('franchisee leases'). In most cases, the consolidated entity retains ultimate liability for the lease obligations. On adoption of AASB 16, the consolidated entity recognised lease liabilities related to principal and franchisee leases, with right-of-use assets recognised for principal leases and finance lease receivables relating to franchisee leases where the property licence meets the definition of a finance lease.

Consolidated entity as lessee

Set out below are the carrying amounts of the right-of-use assets recognised and movements during the year:

	2022 $'000	2021 $'000
Opening balance / recognised on adoption	46,032	30,697
Net additions	9,751	20,506
Depreciation expense	(6,656)	(5,171)
Impairment expense		-
Closing balance	49,127	46,032

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022 $'000	2021 $'000
Opening balance / recognised on adoption	112,097	99,130
Net additions	29,584	28,006
Accretion of interest	5,799	4,922
Payments of interest and principal (a)	(7,979)	(5,928)
Franchisee lease payments (b)	(12,927)	(14,033)
Closing balance	126,574	112,097
Current	16,811	15,388
Non-current	109,763	96,709
Total lease liabilities	126,574	112,097

(a) Relates to payments made for corporate leases only.
(b) Payments under the property licence deed are paid directly by the franchisee and so are excluded from the consolidated statement of cash flows.

Consolidated entity as lessor

Set out below are the carrying amounts of investment in lease assets and the movements during the year:

	2022 $'000	2021 $'000
Opening balance / recognised on adoption	59,604	65,000
Net additions	18,791	5,967
Accretion of interest	2,969	2,670
Franchisee lease receipts (a)	(12,927)	(14,033)
As at 30 June 2022	68,437	59,604
Current	10,898	10,731
Non-current	57,540	48,873
Total investment in lease assets	68,438	59,604

(a) Payments under the property licence deed are paid directly by the franchisee and so are excluded from the consolidated statement of cash flows.

Future minimum rentals receivable under non-cancellable finance leases as at end of the year are as follows:

	2022 $'000	2021 $'000
Year 1	14,566	13,660
Year 2	13,449	12,399
Year 3	11,911	10,992
Year 4	9,783	8,906
Year 5	8,680	6,637
More than 5 years	28,080	17,994
Total undiscounted lease payments	86,469	70,588
Less: unearned finance income	(18,031)	(10,984)
Net investment in leases	68,438	59,604
Current	10,898	10,731
Non-current	57,540	48,873
Total investment in lease assets	68,438	59,604

Note 18. Issued capital

	2022 Shares	2021 Shares	2022 $'000	2021 $'000
Ordinary shares				
Ordinary shares - fully paid		324,727		90,255

	Date	Shares	Issue price $	Amount $
Closing balance as at 30 June 2020	30 Jun 2020	262,978		54,590,982
Exercise of options	22 Dec 2020	48,500	617,68	29,957,480
Exercise of options – 2015 plan	29 Jan 2021	4,863	319.76	1,554,993
Exercise of options – 2019 plan	29 Jan 2021	2,592	495.00	1,283,040
Exercise of options – 2019 plan	26 March 2021	5,740	495.00	2,841,300
Exercise of options – 2019 plan	31 March 2021	54	495.00	26,730
Closing balance as at 30 June 2021	30 Jun 2021	324,727		90,254,525
Exercise of options-2019 plan	1 Jul 2021	200	495.00	99,000
Exercise of options-2019 plan	13 Jan 2022	50	495.00	24,750
Exercise of options-2019 plan	25 Feb 2022	200	495.00	99,000
Issue of shares	10 Mar 2022	3,532	2,457.00	8,678,124
Exercise of options-2019 plan	4 Apr 2022	5	495.00	2,475
Exercise of options-2019 plan	1 Jun 2022	10	495.00	4,950
Closing balance as at 30 June 2022	30 Jun 2022	328,724		99,162,824

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. There were no dividends paid, recommended or declared during the current or previous financial year.

(c) Options on issue

Long term incentive plan options

Detail in relation to options issued as part of long-term incentive plans is set out in Note 29.

Note 19. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk. Finance identifies and evaluates financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk
Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the consolidated entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Price risk
The consolidated entity is exposed to price risk in the form of commodities - meats, tomatoes and avocado prices.

Interest rate risk
The consolidated entity's main interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk.

As at the reporting date, the consolidated entity had the following variable rate borrowings outstanding:

	2022 Weighted average interest rate %	2022 Balance $'000	2021 Weighted average interest rate %	2021 Balance $'000
Bank loans	3.50%	3,358	4.18%	3,875
Net exposure to cash flow interest rate risk		3,358		3,875

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

	Basis points increase			Basis points decrease		
	Basis points change	Effect on Profit before tax	Effect on equity	Basis points change	Effect on Profit before tax	Effect on equity
Consolidated – 2022						
Bank loans and trade finance facility	50	(17)	-	50	17	-
Consolidated – 2021						
Bank loans and trade finance facility	50	(19)	-	50	19	-

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

		1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Consolidated – 2022						
Non-interest bearing						
Trade payables		12,946	-	-	-	12,946
Other payables		15,062	-	-	-	15,062
		28,008	-	-	-	28,008
Interest bearing						
Lease liabilities	4.33%	24,402	23,014	53,777	68,170	169,363
Borrowings	3.50%	3,493	-	-	-	3,493
		27,895	23,014	53,777	68,170	172,856
Consolidated - 2021						
Non-interest bearing						
Trade payables		5,371	-	-	-	5,371
Other payables		11,649	-	-	-	11,649
		17,020				17,020
Interest bearing						
Lease liabilities	4.33%	20,794	19,421	44,574	54,563	139,353
Borrowings	4.18%	668	3,516	-	-	4,184
		21,462	22,937	44,574	54,563	143,537

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above. The contractual maturities of lease liabilities set out above include those leases which are sub-let to franchisees.

Fair value instrument
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 20. Key management personnel disclosures

Name	Appointed	Resigned
Mr Steven Todd Marks	23 May 2007	
Mr Robert Jacob Hazan	30 May 2007	
Mr Stephen Craig Jermyn	18 July 2014	
Mr Gaetano Alfred Russo	18 July 2014	
Mr Bruce Eaton Buchanan	25 August 2016	
Mr Humberto Maradiegue	13 August 2018	
Mr Hilton Brett	13 August 2018	
Mr Thomas Donald Mckenzie Cowan	13 August 2018	
Ms Jacqueline Coombes	24 June 2020	
Mr Craig Wright	02 February 2021	20 June 2022

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Key Management Personnel	Designation	Appointed
Mr Michael Owen Hirschowitz	Chief Financial Officer	31 October 2019
Mr Steven Todd Marks	Founder & Global CEO	

Key management personnel compensation
The aggregate compensation made to members of key management personnel of the consolidated entity is set out below:

	2022 $	2021 $
Current		
Short-term employee benefits	1,296,229	1,251,698
Post-employment benefits	256,963	457,298
Share based payments	580,311	939,249
	2,133,503	2,648,245

Share-based payments expense related to key management personnel of the consolidated entity is set out below:

	2022 $	2021 $
Mr Robert Jacob Hazan	-	21,702
Mr Steven Todd Marks	480,123	431,559
Mr Stephen Craig Jermyn	-	22,872
Mr Gaetano Alfred Russo	-	74,333
Mr Bruce Eaton Buchanan	-	22,872
Mr Humberto Maradiegue	-	11,436
Mr Hilton Brett	-	36,546
Mr Michael Owen Hirschowitz	100,188	296,227
Ms Jacqueline Coombes	-	21,702
	580,311	939,249

Loans to key management personnel

Executive LTI Plan

As set out in Note 29, under the Key Executive LTIP, Key Executives may be offered options to acquire ordinary shares in the Company. The Board may offer a limited recourse loan to an eligible participant to fund payment of amounts payable on acquisition of the options, or any amount payable on exercise of the option). The term of each loan is 7 years from and is interest-bearing. On 27 May 2022 the consolidated entity entered into a limited recourse loan agreement with Mr Steven Marks to the value of $665k. This was treated as part of the equity-settled share based payment.

2019 plan

On 14 February 2020 the consolidated entity entered into loan agreements with key management personnel under the 2019 Guzman y Gomez Long Term Incentive Plan (see Note 29). These loans are full recourse, are repayable over seven years and attract interest at the Australian Taxation Office benchmark interest rate. The loans were issued to these key management personnel to acquire options under the incentive plan. The total loans issued to key management personnel, which are included in the employee loans set out at Note 9, are as follows:

	2022 $	2021 $
Mr Michael Owen Hirschowitz	227,365	278,197
Mr Bruce Eaton Buchanan	11,298	13,823
	238,663	292,020

2015 plan

On 10 September 2015, the consolidated entity entered into limited recourse loan agreements with Mr Steven Marks to the value of $117k. The loans have a maturity date of 10 September 2022 and attract interest at the Australian Taxation Office benchmark interest rate. The sole purpose of the loans is for the acquisition of options under the entity's 2015 option plan.

Other transactions with related parties

	2022 $	2021 $
Payment of rent and outgoings to a director related entity:		
- Corporate stores	1,373,545	847,959
- Franchises	908,670	1,148,741
Total	2,282,215	1,996,700

Scentre Group is a related party of the consolidated entity through a common director. Amounts above represent the payment of rent and outgoings for the period which Scentre Group was a related party of the consolidated entity.

Note 21. Auditor's remuneration

During the financial year the following fees were paid or payable for services provided by the auditor of the consolidated entity:

	2022 $	2021 $
Audit services		
Auditors of the consolidated entity		
Audit of financial reports	196,742	143,500
Other services		
Auditors of the consolidated entity		
Financial statements compilation	21,000	20,250
Other regulatory assurance services	13,047	11,275
Other non-audit services	11,773	-
	45,820	31,525

The auditor of the consolidated entity is Deloitte Touche Tohmatsu (2021: Deloitte Touche Tohmatsu).

Note 22. Contingent liabilities

The consolidated entity has a contingent liability of $2,976k relating to bank guarantees provided by the consolidated entity for the financial year ended 30 June 2022 (2021: $2,773k).

The consolidated entity holds a number of leases on behalf of Guzman y Gomez franchises. All lease costs and liabilities are transferred to the franchisee through a property licence deed, however, in the event a franchisee is unable to settle their present and/or future lease obligations, the consolidated entity would assume all lease liabilities. These obligations are recognised as lease liabilities at 30 June 2022.

Note 23. Commitments

There were $3.897k of capital commitments as at 30 June 2022 (2021: $3,868k).

Note 24. Related party transactions

Parent entity
Guzman y Gomez (Holdings) Limited is the ultimate parent entity.

Subsidiaries
Interest in subsidiaries are set out in Note 26.

Key management personnel
Disclosures relating to key management personnel are set out in Note 20.

Note 25. Parent entity information

Set out below is the supplementary information about the parent entity.

	2022 $'000	2021 $'000
Result of parent entity		
Profit or (loss) for the year	(317)	(1,209)
Other comprehensive income	-	-
Total comprehensive income	(317)	(1,209)
Financial position of parent entity at year end		
Current assets	81,571	71,934
Non-current assets	638	435
Total assets	82,209	72,369
Current liabilities	3,663	967
Non-current liabilities	-	3,396
Total liabilities	3,663	4,363
Total equity of the parent entity comprising of:		
Issued capital	99,163	90,255
Reserves	6,520	4,571
Accumulated losses	(27,137)	(26,820)
Total equity	78,546	68,006

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 other than those disclosed in Note 27.

Contingent liabilities
The parent entity is a party to the contingent liabilities of the consolidated entity disclosed in Note 22 by virtue of the deed of cross guarantee as set out in Note 27.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022.

Note 26. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 3:

		2022 %	2021 %
Guzman y Gomez Franchising Pty Limited	Darlinghurst, Australia	100	100
Guzman y Gomez Pty Limited	Darlinghurst, Australia	100	100
Guzman y Gomez Restaurant Group Pty Limited	Darlinghurst, Australia	100	100
Guzman y Gomez Leasing Pty Limited	Darlinghurst, Australia	100	100
Guzman y Gomez Corp	Delaware, United States	100	100
Guzman y Gomez Naperville, LLC	Illinois, United States	100	100
Guzman y Gomez Willowbrook LLC	Illinois, United States	100	100
Guzman y Gomez Buffalo Grove LLC	Illinois, United States	100	-
Guzman y Gomez Orlando Park LLC	Illinois, United States	100	-
Guzman y Gomez Schaumburg LLC	Illinois, United States	100	-

Note 27. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Name
Guzman y Gomez Franchising Pty Limited
Guzman y Gomez Leasing Pty Limited
Guzman y Gomez Pty Limited
Guzman y Gomez Restaurant Group Pty Limited
Guzman y Gomez (Holdings) Limited (Holding Entity)

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' reports under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission ('ASIC'). The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Guzman y Gomez (Holdings) Limited, they also represent the 'Extended Closed Group'.

Financial information for the Closed Group is presented below.

(a) Consolidated statement of profit and loss and other comprehensive income

Set out below is a consolidated statement of profit or loss and other comprehensive income of the Closed Group:

	2022 $'000	2021 $'000
Revenue	169,368	117,090
Cost of sales	(43,208)	(30,911)
Gross profit	126,160	86,179
Other income	12,787	11,429
Marketing expense	(13,987)	(10,725)
Occupancy expense	(1,647)	(2,047)
Administrative expenses	(103,112)	(69,499)
Other expenses	(8,024)	(5,889)
Operating profit/(loss)	12,177	9,448
Finance income	3,173	2,935
Finance costs	(5,886)	(5,031)
Net finance costs	(2,713)	(2,096)
Profit/(loss) before income tax	9,464	7,352
Income tax expense	(2,700)	(2,336)
		-
Profit/(loss) after income tax benefit for the year	6,764	5,016
Items that may be reclassified subsequently to profit or loss		
Translation of foreign operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income/(loss) for the year	6,764	5,016

(b) Consolidated statement of financial position

Set out below is a consolidated statement of financial position of the Closed Group:

	2022 $'000	2021 $'000
Current assets		
Cash and cash equivalents	54,289	61,977
Trade and other receivables	21,791	6,025
Inventories	1,969	1,632
Finance lease receivable	10,898	10,731
Other assets	2,799	2,056
Total current assets	91,746	82,421
Non-current assets		
Trade and other receivables	594	389
Property, plant and equipment	34,001	21,272
Right-of-use assets	46,352	43,035
Finance lease receivable	57,540	48,873
Intangible assets	15,339	6,494
Deferred tax assets	2,732	5,554
Total non-current assets	156,558	125,617
Total assets	248,304	208,038
Current liabilities		
Trade and other payables	26,914	16,671
Contract liabilities	1,349	1,293
Borrowings	3,358	491
Lease liabilities	16,655	15,239
Provisions	3,420	5,455
Total current liabilities	51,696	39,149
Non-current liabilities		
Contract liabilities	1,900	2,080
Borrowings	-	3,356
Lease liabilities	106,952	93,743
Provisions	2,614	2,189
Other liabilities	-	-
Total non-current liabilities	111,466	101,368
Total liabilities	163,162	140,517
Net assets	85,142	67,521
Equity		
Issued capital	99,163	90,255
Reserves	6,520	4,569
Accumulated losses	(20,541)	(27,303)
Total equity	85,142	67,521

Note 28. Subsequent events

The company has established an incentive plan for certain employees in the US (North American Leadership Team, “NALT”). Under the incentive plan (“NALT Plan”) performance rights will be issued which will entitle NALT employees to convert the rights into shares. At the date of signing the financial statements no performance rights have been issued.

The NALT Plan will entitle the holder to shares in the Company to the value defined in the agreement, based on 3.5 times the 12-month trailing network revenue within the United States, multiplied by a specified participation percentage up to 10%. This entitlement is subject to a hurdle requirement of US network sales exceeding US$160m at the end of the five year vesting period. The performance rights are also subject to service and other vesting conditions. At the date of signing of the financial statements, no performance rights under the NALT Plan have been issued and the directors expect these performance rights to be issued in the first half of FY23.

Other than the matter set out above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the consolidated entity, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Note 29. Share-based payments

Key Executive LTI Plan
The Key Executive Long Term Incentive Plan (“Key Executive LTIP”) was established by the consolidated entity in December 2021 for its most senior executives (“Key Executives”). The objective of the Key Executive LTIP is to assist in the reward, retention and motivation of Key Executives and link the reward of the Key Executives to substantial shareholder value creation.

Under the Key Executive LTIP, Key Executives may be offered options to acquire ordinary shares in the Company. The Board may offer a limited recourse loan to an eligible participant to fund payment of amounts payable on acquisition of the options, or any amount payable on exercise of the option). The term of each loan is 7 years from and is interest-bearing.

The incentive plan entitles Key Executives to options in the Company. Each option represents a right to acquire one ordinary share in the Company on the exercise of the option, subject to achievement of the Vesting Conditions as set out in the Terms and the Plan Rules.

Where the Key Executive enters into the limited recourse loans with the consolidated entity, the option fee is included as a portion of the exercise price.

Options were issued in May 2022 to Mr Steven Marks as set out below.

The fair value of the options issued at grant date was assessed through a combination of binomial and Black-Scholes models of valuation. The significant inputs into the model were the value and volatility of the underlying asset, the exercise price, the risk free rate, dividend yields and the life of the option. As an unlisted public company, the issued shares in the Company are not publicly traded and it is not possible to observe any reliable share price volatility. As a result, the valuation has been based upon the assessment of volatility of publicly traded securities whose activities were broadly comparable to that of the Company and assessing their standard deviation of continuously compounded share returns over a four year period. This fair value assessment as at grant date has formed the basis of the value of the equity instruments accounted for at financial year end.

2019 plan
The 2019 Guzman y Gomez Long Term Incentive Plan was established by the consolidated entity in June 2019 whereby the consolidated entity may, at the discretion of the Board, grant options over ordinary shares in the Company to employees, directors or any person as declared by the board of the consolidated entity.

The plan was established as a means by which the consolidated entity has sought to reward performance in support of the achievement of the business strategy. The incentive plan entitles eligible employees to options in the Company. Each option represents a right to acquire one ordinary share in the Company on the exercise of the option, subject to achievement of the Vesting Conditions as set out in the Terms and the Plan Rules.

The options are granted in accordance with performance guidelines established by the Board. The consolidated entity has no legal or constructive obligation to repurchase or settle the options in cash.

Certain options will vest and be exercisable upon the option holder remaining in service at the testing date at either 30 June 2022 or 30 June 2023, and certain options only vest upon an IPO event.

On 29 January 2021, Magellan Financial Group Limited (“Magellan”) completed its investment in the Company. Magellan acquired an 11% shareholding (on a fully diluted basis) in the Company from existing shareholders. Magellan’s Head of Governance & Advisory, Craig Wright, was appointed as a non-executive director of the Company on 2 February 2021. In accordance with a resolution of the directors certain options were early vested in conjunction with the Magellan investment in the Company.

The fair value of the options issued at grant date was assessed through a combination of binomial and Black-Scholes models of valuation. The significant inputs into the model were the value and volatility of the underlying asset, the exercise price, the risk free rate, dividend yields and the life of the option. As an unlisted public company, the issued shares in the Company are not publicly traded and it is not possible to observe any reliable share price volatility. As a result, the valuation has been based upon the assessment of volatility of publicly traded securities whose activities were broadly comparable to that of the Company and assessing their standard deviation of continuously compounded share returns over a four year period. This fair value assessment as at grant date has formed the basis of the value of the equity instruments accounted for at financial year end.

2015 plan
The 2015 Guzman y Gomez Long Term Incentive Plan was established by the Company in August 2015 whereby the Company, at the discretion of the Board, granted options over ordinary shares in the Company to employees, directors or any person as declared by the board of the Company.

The plan was established as a means by which the consolidated entity sought to reward performance in support of the achievement of the business strategy. The incentive plan entitles eligible employees to options in the Company. Each option represents a right to acquire one ordinary share in the Company on the exercise of the option, subject to achievement of the Performance Hurdles and Vesting Conditions as set out in the Terms and the Plan Rules.

The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board. The consolidated entity has no legal or constructive obligation to repurchase or settle the options in cash. The options have all vested.

The fair value of the options issued at grant date was assessed by an independent valuer who adopted a combination of binomial and Black-Scholes models of valuation. The significant inputs into the model were the value and volatility of the underlying asset, the exercise price, the risk free rate, dividend yields and the life of the option. As an unlisted public company, the issued shares in the Company are not publicly traded and it is not possible to observe any reliable share price volatility. As a result, the valuation has been based upon the assessment of volatility of publicly traded securities whose activities were broadly comparable to that of the Company and assessing their standard deviation of continuously compounded share returns over a four year period. This independent fair value assessment as at grant date has formed the basis of the value of the equity instruments accounted for at financial year end.

Options granted under the plans are as follows:

30 June 2022

Key Executive LTI Plan

Grant date	Expiry date	Weighted average fair value	Exercise price	Balance at the start of the year	Number issued	Number exercised during the year	Number cancelled during the year	Balance at the end of the year
27-May-22	30-Mar-24	740.90	3,348	-	4,122	-	-	4,122
27-May-22	30-Mar-25	786.48	3,640	-	4,122	-	-	4,122
27-May-22	30-Mar-26	808.14	3,997	-	4,121	-	-	4,121
				-	12,365	-	-	12,365

2019 plan

Grant date	Expiry date	Weighted average fair value	Exercise price	Balance at the start of the year	Number issued	Number exercised during the year	Number cancelled during the year	Balance at the end of the year
14-Feb-20	30-Jun-26	$108.51	$495	3,732	-	-	(866)	2,866
14-Feb-20	30-Jun-26	$67.91	$495	15,861	-	(200)	-	15,661
28-Jul-20	30-Jun-26	$67.91	$495	1,500	-	-	-	1,500
28-Jul-20	30-Jun-26	$108.51	$495	866	-	-	-	866
15-Sep-20	30-Jun-26	$108.51	$495	935	-	-	(120)	815
20-Oct-20	30-Jun-27	$108.51	$495	1,600	-	-	(800)	800
12-Nov-20	30-Jun-26	$108.51	$495	200	-	(200)	-	-
9-Dec-20	30-Jun-26	$1,971.30	$495	310	-	(15)	(135)	160
12-Nov-21	30-Jun-27	$634.55	$2,500	-	400	-	-	400
12-Nov-21	30-Jun-28	$703.40	$2,500	-	2,100	-	-	2,100
12-Nov-21	30-Jun-28	$908.40	$2,500	-	1,325	-	-	1,325
26-Apr-22	30-Jun-27	$3,024.56	$495	-	30	-	-	30
26-Apr-22	30-Jun-28	$1,238.98	$2,500	-	450	-	-	450
				25,004	4,305	(415)	(1,921)	26,973

2015 plan

Grant date	Expiry date	Weighted average fair value	Exercise price	Balance at the start of the year	Number issued	Number exercised during the year	Number cancelled during the year	Balance at the end of the year
11-Sep-15	10-Sep-25	$113.38	$319.76	3,042	-	-	-	3,042
23-Oct-15	22-Oct-25	$111.48	$319.76	-	-	-	-	-
27-Jun-17	27-Jun-27	$84.60	$410.15	176	-	-	-	176
				3,218	-	-	-	3,218

30 June 2021

2019 plan

Grant date	Expiry date	Weighted average fair value	Exercise price	Balance at the start of the year	Number issued	Number exercised during the year	Number cancelled during the year	Balance at the end of the year
14-Feb-20	30-Jun-26	$108.51	$495	7,000	-	(1,668)	(1,600)	3,732
14-Feb-20	30-Jun-26	$67.91	$495	21,200	-	(5,339)	-	15,861
28-Jul-20	30-Jun-26	$67.91	$495	-	1,500	-	-	1,500
28-Jul-20	30-Jun-26	$108.51	$495	-	1,200	(334)	-	866
15-Sep-20	30-Jun-26	$108.51	$495	-	1,380	(445)	(20)	935
20-Oct-20	30-Jun-27	$108.51	$495	-	2,000	(400)	-	1,600
12-Nov-20	30-Jun-26	$108.51	$495	-	200	-	-	200
9-Dec-20	30-Jun-26	$1,971.30	$495	-	630	(200)	(100)	310
				28,200	6,910	(8,386)	(1,720)	25,004

2015 plan

Grant date	Expiry date	Weighted average fair value	Exercise price	Balance at the start of the year	Number issued	Number exercised during the year	Number cancelled during the year	Balance at the end of the year
11-Sep-15	10-Sep-25	$113.38	$319.76	7,667	-	(4,625)	-	3,042
23-Oct-15	22-Oct-25	$111.48	$319.76	238	-	(238)	-	-
27-Jun-17	27-Jun-27	$84.60	$410.15	176	-	-	-	176
				8,081	-	(4,863)	-	3,218

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

	2022 $'000	2021 $'000
Share options reserve		
Balance at the beginning of the year	4,571	2,391
Share based payment expense	1,436	2,119
Option fees received and receivable	513	61
Balance at the end of the year	6,520	4,571

Note 30. Business combinations

Restaurant acquisitions

During the year the consolidated entity acquired a number of Guzman y Gomez branded restaurants from franchisees. Details of consideration paid and the fair value of identified net assets acquired is set out below.

	2022 $'000	2021 $'000
Consideration on acquisition	5,830	2,400
Less: cash acquired	(5)	(7)
Net cash paid on acquisition	5,825	2,393
Assets and liabilities acquired:		
Property, plant and equipment	1,460	342
Reacquired rights	4,368	1,966
Other assets	54	48
Deferred tax liabilities	-	(590)
Net assets acquired	5,882	1,766
(Discount on acquisition)/Goodwill recognised	(57)	627

The acquired restaurants contributed $8,833k in revenue and $829k in profit after tax in the period from acquisition to 30 June 2022. The restaurants would have contributed $20,492k in revenue and $1,942k in profit after tax in the year if they had been acquired on 1 July 2021.

Restaurant disposals

During the year the consolidated entity disposed of a number of Guzman y Gomez branded restaurants to franchisees. Details of consideration received, carrying value of identified net assets disposed and the gain or loss on sale is set out below.

	2022 $'000	2021 $'000
Consideration on disposal	532	-
Less: cash disposed	(2)	-
Net cash received on disposal	530	-
Assets and liabilities disposed:		
Property, plant and equipment	504	-
Other assets	22	-
Other liabilities	(11)	
Net assets disposed	515	-
Gain/loss on disposal	15	-