BURGER FUEL GROUP LIMITED

ANNUAL REPORT 2020

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CHAIRMAN AND CHIEF EXECUTIVES' REVIEW

FOR THE YEAR ENDED 31 MARCH 2020

Burger Fuel Group Ltd Full Year Results for the 12 months ended 31st March 2020

On the 1st July 2019 Burger Fuel Worldwide Limited changed its name to Burger Fuel Group Limited to better reflect the business focus and our recent transformation into a multi-brand business. At the same time, we also migrated to the NZX main board from the NZAX.

The Group relied on the NZX class waiver from listing rules 3.6.1, dated 19 March 2020, which provides listed companies with an additional two months to prepare and release annual reports in acknowledgement of the challenges caused by COVID-19.

Overview - FY20

The Directors of Burger Fuel Group Limited (BFG) present the audited results for the 12 months to 31 March 2020.

Net Profit after tax for the period was $505,478 representing a 59.1% decrease on the previous year

The Group has no debt, and cash reserves of $5.6M.

BurgerFuel Group (unaudited) Total System Sales (all three brands) reduced (2.18%) to $101.3M on the same period last year. Group Operating Revenue increased by 4.0% to $21.9M. Whilst revenue is up on FY19, this is mainly due to the opening of our company owned Shake Out store at the Smales Farm complex in Takapuna, Auckland in November 2018, as well as the additional interest income booked for the non-occupied leases as per the new IFRS 16 lease accounting standard $1.4M.

Revenue is largely comprised of sales from our company owned restaurants, manufacturing, and long-term recurring royalties.

In FY20 we had a reduction in MENA royalty and advertising income and an internal business structure change lowered revenue from our proprietary product manufacturing operation but will ensure that this business unit becomes more financially efficient going forward.

The Group also incurred additional costs around the KPMG process, legal costs, writing off certain obsolete assets and stock write offs due to the closure of restaurants over the COVID-19 lockdown period. The Group has also undertaken significant investment in the ongoing development of the new brands.

As at 31 March 2020 there were 78 BurgerFuel, Shake Out® and Winner Winner® stores operating in NZ and worldwide.

BFG results for the period 1 April 2019 to 31 March 2020

	31 March 2020 $000	31 March 2019 $000
Operating Revenue*	20,459	21,028
Interest Income IFRS 16 non-occupied leases	1,410	-
Total Income	21,869	21,028
Operating Expenses**	(18,663)	(19,172)
Depreciation Expense IFRS 16 occupied leases	(630)	-
Interest Expense IFRS 16 non-occupied leases	(1,410)	-
Interest Expense IFRS 16 occupied leases	(443)	-
Total Expenses	(21,146)	(19,172)
Net Profit (Loss) Before Tax	723	1,856
Net Profit (Loss) After Tax***	505	1,236

* Revenue includes: Operating revenue and interest income.
** Expenses include: Operating expenses, depreciation, amortisation and interest expense.
*** The New Zealand entities had taxable income and were unable to utilise the foreign tax losses. The overseas entities had minimal tax.

THE YEAR TO DATE AND GROUP OUTLOOK

New Zealand

Systemwide sales across New Zealand (62 restaurants, all 3 brands) increased by 1.3% on the previous year this was mainly due to the opening of 5 new stores. The COVID-19 Alert Level 4 lockdown resulted in FY20 having 6 less days of trade which impacted the Group's NZ sales by approx. (1.7%). Since our mid-year announcement, trading conditions in Christchurch have remained difficult, however Auckland was showing some improvement prior to the COVID-19 Alert Level 4 lockdown. The distribution of our sales has been inconsistent and is now favouring the suburbs over the city centres as office buildings remain underutilised. It remains to be seen as to whether the cities will return to pre-COVID-19 levels of pedestrian traffic.

CHAIRMAN AND CHIEF EXECUTIVES' REVIEW

FOR THE YEAR ENDED 31 MARCH 2020

Comparable BurgerFuel (same store) sales in NZ decreased by (2.1%) which is partly due to 6 lost days of trade caused by the lockdown. At this stage BurgerFuel NZ will continue with our policy of not undertaking third-party, home delivery as over time we believe this will negatively affect both the brand and individual store profitability. This decision is likely to have impacted our FY20 growth numbers, however we remain committed to this policy at this stage. The COVID-19 crisis delayed the opening of our new BurgerFuel store in Point Chevalier (Auckland). It has since opened and is trading well. There are still some opportunities for new BurgerFuel stores to open in the remaining main centres of New Zealand however, there is much uncertainty in the current environment and we are not able to determine at this stage what new development will be possible.

Shake Out total store sales increased by 243% in FY20. No stores have yet had a full financial year of comparable trade. The main events for Shake Out have been the opening of stores in Browns Bay (Auckland) and Palmerston North. The impending COVID-19 crisis delayed the opening of our new Hamilton East store. It has since opened and is trading well in its first few weeks. The Browns Bay Shake Out did not meet expectations and did not reopen after the COVID-19 Alert Level 4 lockdown. Shake Out has also deployed a portable pop up type operation that uses two shipping containers. It was extremely successful at music festivals and concerts but as those types of events may become less popular, it will be popping up in various locations to sell directly to the public. It is currently operating from the Trusts Arena in Henderson (Auckland).

Winner Winner total sales increased by 56.4% due to two new stores, Courtenay Place (Wellington) and Pukekohe, opening in January 2020. Both new stores were trading well, however the momentum of these two new stores has been greatly impacted by the necessity to close during the COVID-19 Level 4 lockdown. It remains to be seen how each of those stores will recover over the coming months, but we are optimistic about the Winner Winner brand.

In February and March, the two new brands represented 7.6% of total NZ sales for the group. Unfortunately, expansion plans have now stalled because of the COVID-19 crisis and any future development will depend on the future economic conditions, which at this point remain uncertain.

The Middle East

The Middle East continues to be a difficult market for BurgerFuel with each country experiencing major challenges. We announced the closure of the Iraq store as we now see no future in this country.

In the UAE we have experienced less competitive pressure, as many restaurants are closing, but increasing pressure from the overall economic conditions in the UAE. The UAE as a country is experiencing a downturn that is directly affecting the hospitality and food service industries. Together with the COVID-19 crisis, there is finally some acknowledgment that rents were unsustainable, and they are now starting to reduce. Unfortunately, the Dubai World Expo has been delayed by a year, so we are not expecting any recovery in the UAE trading conditions during FY21. Because of tough economic conditions, and then the impact of COVID-19, our Licensee in UAE has closed several stores with only 2 BurgerFuel stores now operating in Dubai and 2 in Abu Dhabi. At this stage we are uncertain of BurgerFuel's ongoing future in the UAE.

The Kingdom of Saudi Arabia is showing mild improvements, in part because of their populace not leaving the country for entertainment options. We expect that the ever-increasing freedoms within the country will continue to be good for the domestic hospitality & food service industry, potentially at the expense of regional entertainment hubs such as Dubai or Bahrain. Our Licensee opened a new store in the city of Jubail and has another store under construction in the city of Dammam.

Overall, and as always, we continue to caution the market as to the future of the Middle Eastern region for BurgerFuel. These countries remain very uncertain and we anticipate further declines in our revenue from the Middle East region.

United States

In the United States we have one licenced store in Broad Ripple, Indianapolis. That store has experienced a decline in sales in the past 12 months and due to the COVID-19 crisis it was forced to close on 22nd March, a few days before the New Zealand lockdown and it has not yet reopened. There are significant challenges in the USA, both with the ongoing community transmission of the COVID-19 epidemic and more recently with the arrival of major civil unrest. We are unsure about the future of BurgerFuel in the USA at this point but will update the market when we receive further information.

CHAIRMAN AND CHIEF EXECUTIVES' REVIEW

FOR THE YEAR ENDED 31 MARCH 2020

Outlook

BurgerFuel Group has completed its transformation to a multi-brand business and was preparing for the additional growth opportunities that the new brands had presented. The COVID-19 crisis has forced us to moderate those plans and prepare for a challenging environment in FY21 and potentially beyond that. We do not anticipate any significant store development in the next 12 months. We remain focused on safeguarding the business and reducing costs in order to endure these uncertain times and be able to take opportunities that may present themselves in the months to come.

BurgerFuel Group in conjunction with its advisors KPMG are still reviewing its options regarding a possible sale, merger, joint venture, international partnership, domestic partnership or alternative process. The Board will keep the market updated with any material developments should they occur throughout the ongoing strategic review process.

We would like to thank all shareholders, staff, franchisees, suppliers and of course our valued customers for their continued support.

Best regards,

Peter Brook
Chairman

Josef Roberts
Group CEO

WINNER WINNER // PUKEKOHE

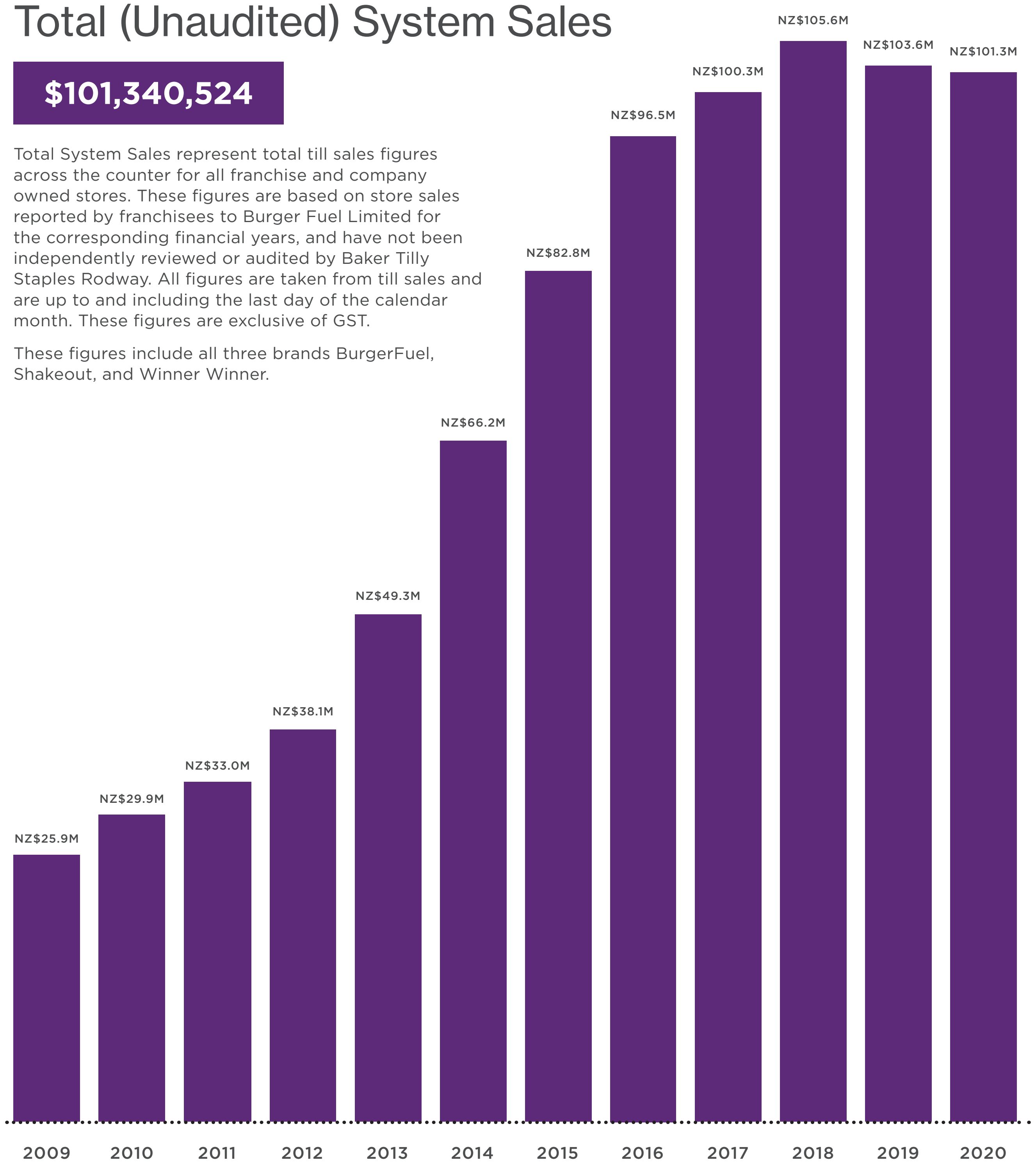
BURGERFUEL GROUP LIMITED FY20 TOTAL SYSTEM SALES

Total (Unaudited) System Sales

$101,340,524

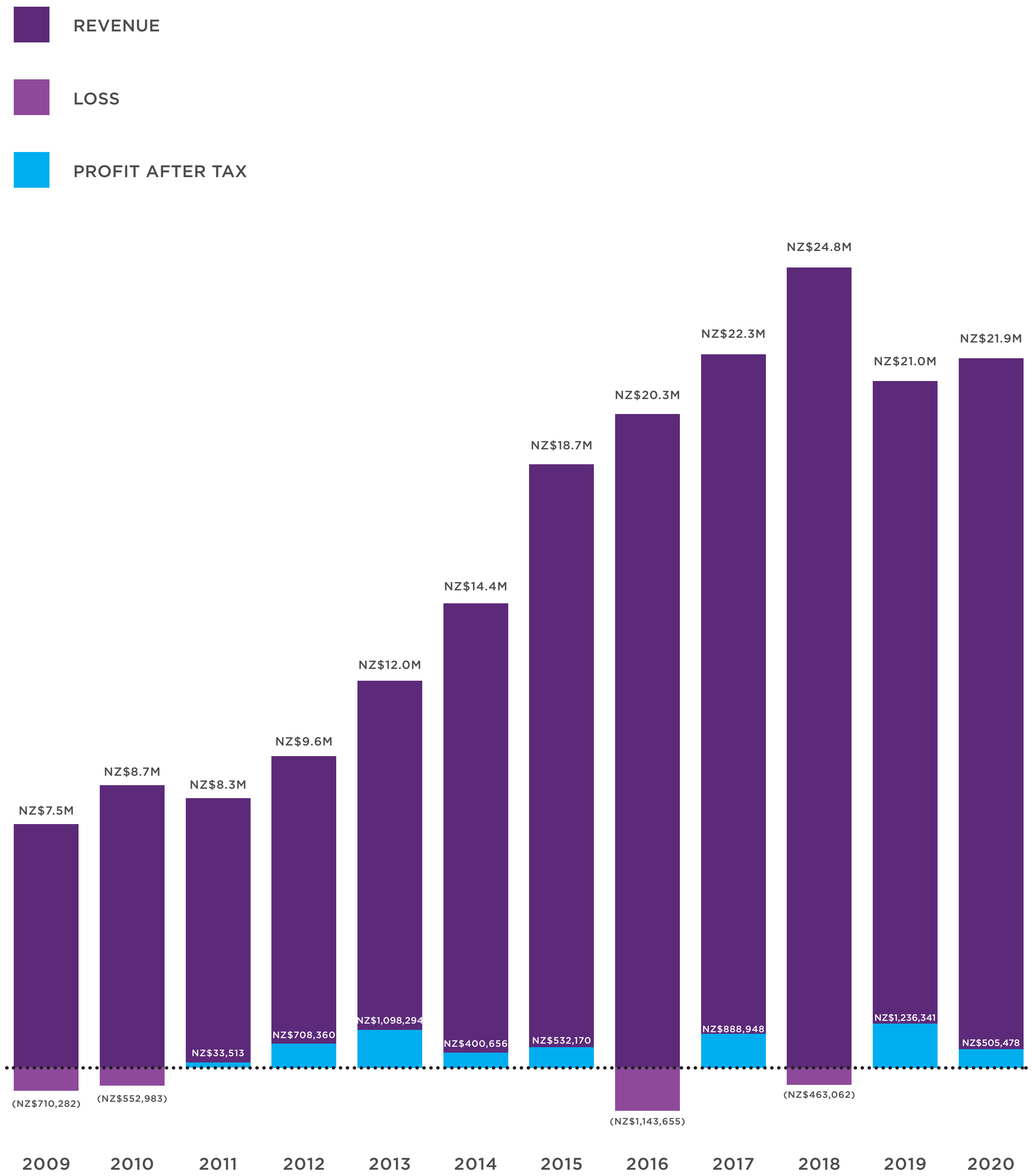
Total System Sales represent total till sales figures across the counter for all franchise and company owned stores. These figures are based on store sales reported by franchisees to Burger Fuel Limited for the corresponding financial years, and have not been independently reviewed or audited by Baker Tilly Staples Rodway. All figures are taken from till sales and are up to and including the last day of the calendar month. These figures are exclusive of GST.

These figures include all three brands BurgerFuel, Shakeout, and Winner Winner.



Financial years are from 1st April to 31st March. Total system sales represent total till sales figures across the counter for all franchise and company owned stores.

BURGERFUEL GROUP LIMITED FY20 REVENUE AND TRADING HISTORY



THE BFG BOARD

MARK PIET
CHIEF FINANCIAL OFFICER

Mark is the CFO & Company Secretary of BurgerFuel and has been with the company since 2008.

Mark is a chartered accountant & a member of Chartered Accountants Australia and New Zealand.

Prior to joining BurgerFuel, Mark worked for Deutsche Bank & The Economist in London.

ALAN DUNN
INDEPENDENT DIRECTOR
CHAIRMAN - BFW AUDIT COMMITTEE

Former CEO and Chairman of McDonald's NZ from 1993 to 2003. In 2004 Alan became Chicago based VP Operations, then Regional VP Nordics and Managing Director Sweden until retirement from McDonalds in 2007.

PETER BROOK
CHAIRMAN
MEMBER - BFW AUDIT COMMITTEE

Peter has 20 years experience in the investment banking industry, retiring in 2000 to pursue his own business and consultancy activities. Peter is presently Chairman of Trust Investment Management Ltd and Generate Investment Management Ltd.

Other Directorships: A Trustee of the Melanesian Mission Trust Board, and a number of directorships of private companies.

JOSEF ROBERTS
GROUP CEO

Josef is the Group CEO and is responsible for the overall direction and management of the business.

Former CEO and founder of Red Bull Australasia.

TYRONE FOLEY
CHIEF OPERATING OFFICER

Tyrone is the group COO and is responsible for the management of all departments at Head Office and daily operations in all markets around the world.

Tyrone's previous management roles have been with McDonald's and BP.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BURGER FUEL GROUP LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Burger Fuel Group Limited and its subsidiaries ('the Group') on pages 19 to 69, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Our report is made solely to the Shareholders of the Group. Our audit work has been undertaken so that we might state to the Shareholders of the Group those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Shareholders of the Group as a body, for our audit work, for our report or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor, our firm carries out other assignments for Burger Fuel Group Limited and its subsidiaries in the area of taxation compliance services. The provision of these other services has not impaired our independence.

Emphasis of Matter – Increased level of inherent uncertainty in the significant accounting estimates and judgements applied by Management in the preparation of these financial statements, arising from the ongoing global pandemic of coronavirus disease 2019

We draw attention to notes 2 and 29 of the financial statements, which describe the impact of the ongoing global pandemic of the novel coronavirus disease 2019 ('COVID-19'), and Management's assessment of and responses to, this pandemic on the Group. Since March 2020 the COVID-19 pandemic has lowered overall economic activity and confidence, resulting in significant volatility and instability in financial markets and economic uncertainty. Consequently, there has been an increase in the level of inherent uncertainty in the critical accounting estimates and judgements applied by Management in the preparation of these financial statements, described in notes 2, 14 and 29 of the financial statements. As at the date of the signing of these financial statements, all reasonably known and available information with respect to the COVID-19 pandemic has been taken into consideration in the critical accounting estimates and judgements applied by Management, and all reasonably determinable adjustments have been made in preparing these financial statements.

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Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment of Goodwill As disclosed in Note 14 of the Group's consolidated financial statements, the Group has goodwill of \$1.6M, allocated across two cash-generating units ('CGUs'). Goodwill was significant to our audit due to the size of the assets and the subjectivity, complexity and uncertainty inherent in the measurement of the recoverable amount of these CGUs. The measurement of a CGU's recoverable amount includes the assessment and calculation of its 'valuein-use'. Management has completed the annual impairment test for each of the two CGUs as at 31 March 2020. This annual impairment test involves complex and subjective estimation and judgement by Management on the future performance of the CGU's, discount rates applied to the future cash flow forecasts and future market and economic conditions.	Our audit procedures related to the key audit matter, among others, included: • Evaluating management's determination of the Group's CGUs based on our understanding of the nature of the Group's business and the economic environment. We also analysed the internal reporting of the Group to assess how the CGU's are monitored and reported; • Challenging management's assumptions and estimates used to determine the recoverable value of its indefinite life intangible assets, including those relating to forecasted revenue, cost, capital expenditure and discount rates, by adjusting for future events and corroborating the key market related assumptions to external data (including the consideration of the impact of the COVID-19 pandemic).

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Key Audit Matter	How our audit addressed the key audit matter
	Procedures included: • Evaluating the logic of the value-in-use calculations supporting Management's annual impairment test and testing the mathematical accuracy of these calculations; • Evaluating Management's process regarding the preparation and review of forecasts; • Comparing forecasts to Board approved forecasts; • Evaluating the historical accuracy of the Group's forecasting to actual historical performance; • Evaluating the inputs to the calculation of the discount rates applied; • Engaging our own internal valuation experts to evaluate the inputs to the calculation of the discount rates applied; • Evaluating Management's sensitivity analysis for reasonably possible changes in key assumptions; and • Performing our own sensitivity analyses for reasonably possible changes in key assumptions, the two main assumptions being: the discount rate and forecast growth assumptions. • Evaluating the disclosures related to goodwill which are included in the Group's consolidated financial statements.

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Key Audit Matter	How our audit addressed the key audit matter

Adoption of NZ IFRS 16 Leases
As disclosed in Note 4 of the Group's consolidated financial statements, the Group has adopted NZ IFRS 16 Leases from 1 April 2019, using the modified retrospective approach. This resulted in the recognition of a lease receivable of $22.8M, a rightof-use asset of $7.8M and a lease liability of $30.8M as at 31 March 2020.
The adoption of NZ IFRS 16 was significant to our audit due to the size of the assets and liabilities recognised, complexity of applying the new standard and the assumptions required by Management for the calculations of the lease balances and interest and depreciation expenses.
Management has engaged an accounting expert to assist in the evaluation of the impact of NZ IFRS 16 adoption.
Management has completed calculations of the lease balances for all occupied leases and non-occupied (subleased) leases as at 1 April 2019, upon adoption, and as at 31 March 2020.
These calculations require estimates regarding the lease term and the discount rate. As well, Management has exercised their judgement in determining the recoverability of the lease receivable for the sublease arrangements.
	Our audit procedures related to the key audit matter, among others, included:
	• Assessing Management's process relating to the identification, recording, recognition and measurement of leases within the scope of NZ IFRS 16;
	• Assessing Management's judgements made in applying allowable practical expedients against the requirements of NZ IFRS 16;
	• Assessing Management's estimates of the expected terms of leases (including the consideration of the impact of the COVID-19 pandemic);
	• Engaging our own internal accounting technical experts to evaluate the treatment of non-occupied (subleased) properties;
	• Evaluating the key assumptions used by Management, including the incremental borrowing rates applied to the lease portfolio;
	• For a sample of leases:
	  • Agreeing key inputs in the lease calculation to the underlying lease agreement;
	  • Recalculating the lease liability, right-of-use asset and lease receivable based on the key inputs noted above and compared our recalculations to the balances recognised by the Group;
	  • Recalculating depreciation expense, interest expense and interest receivable based on the key inputs noted above and compared our recalculations to the balances recognised by the Group; and
	  • Checking the appropriateness of the classification of the lease liability between current and non-current based on the remaining term of the lease.
	• Assessing Management's estimates of any impairment of right-of-use assets (including the consideration of the impact of the COVID-19 pandemic);
	• Assessing the recoverability of the lease receivable based on Management's assessment of impairment using the expected credit loss model (including the consideration of the impact of the COVID-19 pandemic); and
	• Evaluating the presentation and disclosures related to leases which are included in the Group's consolidated financial statements.

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Responsibilities of the Directors for the Consolidated Financial Statements
The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is N S de Frere.

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUCKLAND
Auckland, New Zealand
31 July 2020

SHAKE OUT // DOUBLE CHEESEBURGER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020	2019
		$	$
Revenue	5	20,345,736	20,899,915
Operating Expenses	6	(17,973,431)	(18,408,971)
Profit before Interest, Taxation, Depreciation and Amortisation		**2,372,305**	**2,490,944**
Depreciation on Property, Plant and Equipment	11	(545,765)	(577,343)
Depreciation on Right of Use Assets	20	(630,329)	-
Amortisation	14	(143,084)	(174,648)
		(1,319,178)	(751,991)
Profit / (Loss) before Interest and Taxation		**1,053,127**	**1,738,953**
Interest Income		113,223	127,751
Interest Income leases non-occupied	20	1,410,421	-
Interest Expense		(345)	(10,925)
Interest Expense leases occupied	20	(442,632)	-
Interest Expense leases non-occupied	20	(1,410,421)	-
		(329,754)	116,826
Profit / (Loss) before Taxation		**723,373**	**1,855,779**
Income Tax Expense	7	(217,895)	(619,438)
Net Profit / (Loss) attributable to shareholders		**505,478**	**1,236,341**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Movement in Foreign Currency Translation Reserve	21	(117,216)	(52,968)
Total comprehensive income		**388,262**	**1,183,373**
Basic Earnings per Share (cents)	26	**0.94**	**2.18**
Diluted Earnings per Share (cents)	26	0.94	2.18

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020	2019
Shareholders' equity	Note	$	$
Contributed equity	18	13,594,825	13,864,066
Retained earnings	19	(1,980,020)	(2,541,498)
Foreign currency translation reserve	21	(441,299)	(324,083)
		11,173,506	**10,998,485**
Current assets			
Cash and cash equivalents	17	5,570,167	5,503,473
Trade and other receivables	9	3,189,334	3,021,234
Income tax receivable		184,326	-
Lease Receivable: non-occupied	20	1,518,310	-
Inventories	10	565,217	621,618
Loans	13	174,325	170,900
		11,201,679	**9,317,225**
Non-current assets			
Property, plant and equipment	11	2,462,017	2,538,702
Right of use asset - leases	20	7,828,007	-
Lease receivable non-occupied	20	21,238,840	-
Deferred tax asset	7	689,104	715,959
Loans	13	134,140	-
Intangible assets	14	2,421,445	2,544,788
		34,773,553	**5,799,449**
Total Assets		**45,975,232**	**15,116,674**
Current liabilities			
Trade and other payables	15	1,470,949	1,498,449
Contract Liability	15	412,620	263,215
Lease Liability	20	423,538	-
Lease Liability: non-occupied	20	1,518,310	-
Income tax payable		-	152,013
Provisions	16	436,456	414,631
		4,261,873	**2,328,308**

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020	2019
Non-current liabilities			
Contract Liability	15	1,625,998	1,751,831
Lease Liability	20	7,635,815	-
Lease Liability non-occupied	20	21,238,840	-
Provisions	16	39,200	38,050
		30,539,853	**1,789,881**
Total liabilities		**34,801,726**	**4,118,189**
Net assets		**11,173,506**	**10,998,485**
Net tangible assets per share ($ per share)	30	0.15	0.14

For and on behalf of the board who approved these financial statements for issue on 31st July 2020.

Director   **Director**

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

2020	Note	Contributed Equity	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
		$	$	$	**$**
Balance as at 31 March 2019		**13,864,066**	**(324,083)**	**(2,541,498)**	**10,998,485**
Impact of Changes in Accounting Policies	4	-	-	56,000	**56,000**
Balance as at 1 April 2019		13,864,066	(324,083)	(2,485,498)	**11,054,485**
Buy Back and cancellation of Ordinary Shares		(269,241)	-	-	**(269,241)**
Movement in foreign currency translation reserve recognised in other comprehensive income		-	(117,216)	-	**(117,216)**
Net Profit for the year ended 31 March 2020		-	-	505,478	**505,478**
Total comprehensive income		-	(117,216)	505,478	**388,262**
Balance as at 31 March 2020		**13,594,825**	**(441,299)**	**(1,980,020)**	**11,173,506**

2019	Note	Contributed Equity	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
		$	$	$	**$**
Balance as at 31 March 2018		**15,811,011**	**(271,115)**	**(2,336,651)**	**13,203,245**
Impact of Changes in Accounting Policies		-	-	(1,441,188)	**(1,441,188)**
Balance as at 1 April 2018		15,811,011	(271,115)	(3,777,839)	**11,762,057**
Buy Back and cancellation of Ordinary Shares		(1,946,945)	-	-	**(1,946,945)**
Movement in foreign currency translation reserve recognised in other comprehensive income		-	(52,968)	-	**(52,968)**
Net Profit for the year ended 31 March 2019		-	-	1,236,341	**1,236,341**
Total comprehensive income		-	(52,968)	1,236,341	**1,183,373**
Balance as at 31 March 2019		**13,864,066**	**(324,083)**	**(2,541,498)**	**10,998,485**

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Note	**2020**	**2019**
Cash flows from operating activities	Note	$	$
Cash was provided from:			
Receipts from customers		20,260,648	20,849,474
Interest received		113,223	127,751
Goods and services tax received / (paid)		(5,547)	13,867
		20,368,324	**20,991,092**
Cash was applied to:			
Payments to suppliers & employees		(18,066,261)	(17,908,340)
Interest paid		(345)	(10,925)
Interest on leases		(442,632)	-
Taxes paid		(527,380)	(883,146)
		(19,036,618)	**(18,802,411)**
Net cash flows provided from operating activities	27	**1,331,706**	**2,188,681**
Cash flows from investing activities			
Cash was provided from:			
Repayments from suppliers & staff		12,436	8,711
Sale of property, plant and equipment		50,054	76,794
		62,490	**85,505**
Cash was applied to:			
Acquisition of intangible assets	14	(21,507)	(194,247)
Advances to franchisee and staff		(150,000)	(46,611)
Acquisition of property, plant & equipment	11	(512,459)	(870,799)
Share buyback & cancellation	18	(269,241)	(1,946,945)
		(953,207)	**(3,058,602)**
Net cash flows applied to investing activities		**(890,717)**	**(2,973,097)**
Cash flows from financing activities			
Cash was applied to:			
Lease Liability		(398,984)	-
Net cash flows applied to financing activities		**(398,984)**	**-**
Net movement in cash and cash equivalents		42,005	(784,416)
Exchange gains / (loss) on cash and cash equivalents		24,689	(12,989)
Opening cash and cash equivalents		5,503,473	6,300,878
Closing cash and cash equivalents	17	**5,570,167**	**5,503,473**

The attached notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1) Reporting entities and statutory base

Burger Fuel Group Limited ("BFG") is a Company registered under the Companies Act 1993 and is listed with the New Zealand Stock Exchange (NZSX). The Company is a Financial Markets Conduct (FMC) reporting entity for the purposes of the Financial Markets Conduct Act 2013 and its financial statements comply with that Act.

The financial statements presented are those of Burger Fuel Group Limited (the 'Group'). A list of its wholly owned subsidiaries is listed in note 12 of the financial statements.

The Group operates as a franchisor of gourmet burger and chicken restaurants and is a for-profit oriented entity, incorporated and domiciled in New Zealand.

2) Basis of preparation

Statement of Compliance
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013. They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards as appropriate for, for-profit oriented entities. For the purposes of complying with NZ GAAP, the Group is a Tier 1 for-profit entity as defined in the XRB's Accounting Standards Framework. These financial statements also comply with International Financial Reporting Standards ("IFRS").

These financial statements are presented in New Zealand dollars ($), which is the Company's functional currency and they have been rounded to the nearest dollar.

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

The financial statements were approved by the Board of Directors on the date set out on page 21 of the Annual Report.

Basis of Measurement
These financial statements have been prepared under the historical cost convention and on a going concern basis.

Use of Estimates and Judgements
The preparation of financial statements in conformity with NZ IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The principal areas of judgments in preparing these financial statements are set out below:

IFRS16 – Expected Lease Term
The Group has estimated the lease terms for the occupied and non-occupied leases will run to their final expiry, taking into account all optional exercise periods. This is based on the fact that the Group and franchisee spends a significant amount on the store fitout, thus it is in their best interest to extend the lease term for as long as possible while the asset is generating revenue.

Impairment of Receivables and Lease Receivables
The Group maintains an allowance for estimated losses expected to arise from customers being unable to make required payments. This allowance takes into account known commercial factors impacting specific customer accounts, as well as the overall profile of the Group's debtors' portfolio. In assessing the allowance, factors such as past collection history, the age of receivable balances, the level of activity in customer accounts, as well as general, macro-economic trends, are taken into account. The impairment of receivables is detailed in note 9 of the financial statements.

Accounting for Income Tax
Preparation of the annual financial statements requires management to make estimates as to, amongst other things, the amount of tax that will ultimately be payable, the availability of losses to be carried forward and the amount of foreign tax credits it will receive in each of the jurisdictions it operates in.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses (where applicable) only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Actual results may differ from these estimates as a result of reassessment by management or taxation authorities.

Refer to note 7 for additional information on accounting for income tax.

Impairment of Goodwill
The Group reviews goodwill for indicators of impairment at least on an annual basis. This requires an estimation of the fair value of the cash-generating units to which the Goodwill is allocated. Estimating the fair value amount requires management to make an estimate of the expected future cash flows from the cash-generating unit in the forecasted period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The Group's longer-term forecasts are subject to a higher level of uncertainty as it mostly depends on consumer spending, market conditions and level of competition. For additional information on the impairment test, reference is made to note 14.1 - Intangible Assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

2) Basis of preparation (continued)

COVID-19
In the last week of our financial year, conditions became markedly more challenging, complex and uncertain for the whole of New Zealand, including BFG, with the country entering an unprecedented lockdown and State of Emergency over the COVID-19 global pandemic.

COVID-19 Alert Level 4 came into force at 11:59pm Wednesday 25 March 2020; New Zealand moved to Alert Level 3 at 11:59pm on Monday 27 April 2020 and Alert Level 2 at 11.59pm Wednesday 13 May 2020.

The NZ BurgerFuel, Winner Winner & Shake Out stores were completely closed during Alert Level 4, thus the Group generated no royalty, advertising or sales income during this period. The NZ stores reopened in Alert Level 3 with limited services, providing click and collect, kerbside pickup and delivery services in some stores. Alert Level 2 allowed dine in service but had social distancing restrictions and at Alert Level 1 the stores are operating as normal.

While we know there will be significant impacts on the broader New Zealand and global economy, and on our business, there is currently a high level of uncertainty on the scale of those impacts. In the face of this uncertainty, investors and stakeholders should know that the Group is focused on tight, disciplined governance and management to ensure BFG comes through this crisis as strongly as it possibly can. Management has determined that the Group has sufficient available cash and cash equivalents to maintain the application of the going concern basis of accounting for the 12 months from the date of signing these financial statements.

The implications of COVID-19 placed even greater importance on cost management. Significant cost reductions have been identified and BFG is committed to delivering them in FY21.

Whilst we are expecting total system sales to be down in FY21 it is too early to predict at what level. To date most of the stores are trading better than first thought with only the CBD stores taking longer to recover from the lockdown period. Management puts this down to the delays with office workers returning to the CBD's.

Whilst the Group and franchised stores lost revenue during the lockdown the Government wage subsidy and various rent reductions assisted with cashflow thus there was no impact on the Group's receivables at year end.

The reduced revenue in FY20 and in FY21 due to COVID-19 did impact the impairment of goodwill calculation for the Henderson and Takapuna stores. The revised sales estimates did not result in a goodwill impairment.

There was no impact on the tax calculations due to COVID-19.

3) Specific accounting policies

The following is a summary of specific accounting policies adopted by the Group in the preparation of the financial statements that materially affect the measurement of financial performance, cash flows and the financial position.

a) Basis of Consolidation

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

Inter-company transactions, balances and gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Revenue Recognition

Revenue arises mainly from the sale of food and beverage products from our fast-casual stores that the Group owns directly and from franchise and royalty arrangements that it has in place with franchise holders both in New Zealand and offshore.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when or as its performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The transaction price for a contract excludes any amounts collected on behalf of third parties.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

3) Specific accounting policies (continued)

Government grants are not recognised until there is reasonable assurance that the Group 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 Group 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 Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Sale of goods
The Group is in the business of providing fast-casual food solutions to its customers and franchisees. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer or franchisee at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer.

Management has determined the performance obligation to deliver the food & proprietary products is completed when control of goods passes to customer. Revenue is recognised at this time.

Franchise fees
The Group recognises revenue derived from its franchise operations in New Zealand, USA and the Middle East on a straight-line basis over a period of time that the franchise agreement is in place, which is generally 10 years. This is the period of time over which the performance obligation, the use of the intellectual property, is satisfied. Payment is received upfront upon signing the franchise contract.

The transaction price includes a variable price consideration for the possible transfer of franchise rights. This is unknown until and if the transaction is completed. Given the high uncertainty of this transfer, the transaction price for franchise contract is not adjusted for these transferred franchise rights until the Group is notified of the sale.

Royalties from Franchises and Master Licencing Arrangements (MLAs)
The Group recognises revenue derived from its Franchises and MLAs over time, based on sales that are reported back to the Group on a monthly basis for sales that occurred in that month. Payment is received on a monthly basis.

The performance obligation, to provide access to the brand intellectual property, is satisfied over time. Royalty revenue is recognised as the underlying sales take place, in accordance with sales-based royalties.

Training fees
The Group recognises revenue from training over time as each 12-week training course is provided to the new operators of franchises. Payment is received upfront when the new operator signs a franchise agreement.

Advertising revenue
The Group recognises advertising revenue derived from its Franchises and MLAs over time, based on sales that are reported back to the Group on a monthly basis for sales that occurred in that month. Payment is received on a monthly basis.

The performance obligation, to provide access to the brand intellectual property and advertising services, is satisfied over time. Advertising revenue is recognised as the underlying sales take place, in accordance with sales-based royalties.

Property management fees
The Group recognises revenue from property management services on a straight-line basis over 12 months. This reflects the period of time over which the Group provides property management services to each franchise.

Other revenue
Other revenue includes incentives, bonuses and rebates received by the Group from its suppliers in relation to volume of goods and services that have been purchased by franchise holders. Rebate revenue is recognised when the sale of the underlying asset is completed. Other revenues are recognised when reliable estimates of the amounts due to the Group are deemed to be highly probable.

Significant financing components
Using the practical expedient in NZ IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

3) Specific accounting policies (continued)

c) Accounts Receivable

Trade receivables and contract assets
The Group makes use of a simplified approach in accounting for trade receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Group assesses the impairment of all its trade receivables on a specific as well as a collective basis in order to determine the allowance for credit losses. The Group recognizes lifetime expected credit losses for the amount expected to result from default events over the expected life of the financial asset.

Management has assessed the information available and concluded that no provision for expected credit losses was identified.

d) Inventories

Inventories are stated at the lower of cost and net realisable value after due consideration for excess and obsolete items. Cost is based on the first in, first out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

e) Financial Instruments

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with NZ IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

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

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within impairment gains (losses) of financial assets in profit or loss.

Subsequent measurement of financial assets

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables are classified at amortised cost as the Group intends to hold them and collect contractual cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

3) Specific accounting policies (continued)

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. This category also contains any equity investment not designated at FVOCI on initial recognition, but the Group did not have any equity investments during the reporting period ended 31 March 2020.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group had no financial assets measured at FVTPL.

Financial assets at fair value through other comprehensive income (FVOCI)
On initial recognition, the Group may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment's revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Group has no financial assets measured at FVTOCI.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses (ECL) on investments in financial assets that are measured at amortised cost and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort.

The nature of the Group's trade receivables means there is little or no updated credit risk information

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

3) Specific accounting policies (continued)

that is routinely obtained and monitored on an individual instrument until a customer breaches the contractual terms.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more appropriate default criterion is required.

(iii) Credit impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

a. significant financial difficulty of the borrower;
b. a breach of contract, such as a default or past due event (see (ii) above); and
c. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write off policy

The Group writes off a financial asset when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the borrower has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Loans Receivable and Lease Receivable at amortised cost
The Group records loans receivable for loans to suppliers and employees as well as a lease receivable for leases where the Group is a lessor. The Group records these at amortised cost using the effective interest method and assesses these receivables for impairment under the expected credit loss model, using 12 months expected losses. This is appropriate as management have assessed each counterparty as having a low risk of default and a strong capacity to meet their contractual cash flow obligations in the near term.

Financial Liabilities
These amounts represent unsecured liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The Group's other financial liabilities are trade and other payables, and these are usually paid within 30 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

3) Specific accounting policies (continued)

f) Share Capital

Ordinary Shares
Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

g) Finance Income and Expense

For all financial instruments measured at amortised cost, interest income and expense is recorded at the effective interest rate.

h) Property, Plant and Equipment

Recognition and Measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent Costs
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

Property, plant and equipment are stated at cost less accumulated depreciation. The following depreciation rates have been used:

Motor Vehicles	24% - 40% diminishing value
Leasehold Improvements	10% - 40% diminishing value
Information Technology	20% - 75% diminishing value
Furniture & Fittings	10% - 67% diminishing value
Kitchen Equipment	8% - 67% diminishing value
Office Equipment	8% - 67% diminishing value

Where an asset is disposed of, the gain or loss recognised in the Statement of Comprehensive Income is calculated as the difference between the sale price and the carrying amount of the asset.

i) Leased Assets

Operating Leases (2019)
Operating lease payments in FY19 are recognised as an expense in the periods the amounts are payable in the Statement of Comprehensive Income on a straight-line basis.

IFRS 16 (2020)

As a lessee
For the year ended 31 March 2020, leases are presented under NZ IFRS 16. At the commencement date of a lease (other than leases of 12 months or less and leases of low value assets), the Group recognises a right of use asset, representing its right to use the underlying asset and a lease liability, representing its obligation to make lease payments to the lessor.

Initial measurement

- Initial measurement of the right of use ('ROU') assets (occupied leases) includes the initial present value of the lease liability, the initial direct costs, prepayments made to lessor, less any lease incentives received from the lessor and restoration, removal and dismantling costs. These amounts are discounted using the interest rate implicit in the lease, or, if the interest rate implicit in the lease cannot be readily determined, the Group's incremental borrowing rate;
- Initial measurement of the lease liability (occupied) reflects the present value of lease payments over the term of the lease, including reasonably certain renewals. The lease payments are discounted using the interest rate implicit in the lease, or, if the interest rate implicit in the lease cannot be readily determined, Group's incremental borrowing rate

Subsequent measurement:

- ROU asset: Carried at cost less depreciation, calculated based on NZ IAS 16 'Property, plant and equipment', based on the lease term, and impairment using NZ IAS 36 'Impairment of Assets'
- Lease liability: Accrete the liability based on the effective interest method, using a discount rate determined at lease commencement (as long as a reassessment and a change in the discount rate have not occurred) and reduce the liability by payments made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

3) Specific accounting policies (continued)

As a lessor
When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a lease transfers substantially all of the risks and rewards incidental to the right-of-use asset, it is treated as a finance lease

The Initial measurement of the present value of the lease liability is offset with a lease receivable, representing its right to receive lease payments from a sublessee

Initial measurement

- Initial measurement of the lease receivable (non-occupied leases) includes the initial present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if the interest rate implicit in the sublease cannot be readily determined, the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease); and
- Initial measurement of the lease liability (non-occupied) reflects the present value of lease payments over the term of the lease, including reasonably certain renewals. The lease payments are discounted using the interest rate implicit in the lease, or, if the interest rate implicit in the lease cannot be readily determined, Group's incremental borrowing rate

Subsequent measurement:

- Lease receivable: Accrete the receivable based on the effective interest method, using a discount rate determined at lease commencement (as long as a reassessment and a change in the discount rate have not occurred) and reduce the receivable by payments made; and
- Lease liability: Accrete the liability based on the effective interest method, using a discount rate determined at lease commencement (as long as a reassessment and a change in the discount rate have not occurred) and reduce the liability by payments made.

Variable lease payments, such as percentage rent based on turnover, not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets
Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a right of use asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the term of the lease.

j) Intangible Assets

The Group's intangible assets have finite useful lives with the exception of Goodwill and are stated at cost less accumulated amortisation. The intangible assets are amortised in the Statement of Comprehensive Income on a straight line basis over the period during which benefits are expected to be derived, which is up to 10 years. Where there has been an impairment in the value, the balance has been written off in the Statement of Comprehensive Income.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the intangible asset to which it relates. All other expenditure is recognised in the Statement of Comprehensive Income when incurred.

As part of a business combination, an acquirer may acquire a right that it had previously granted to the acquiree to use one or more of the acquirer's recognised or unrecognised assets. An example of such rights include a right to use the acquirer's trade name under a franchise agreement. A reacquired right is an identifiable intangible asset that the acquirer recognises separately from goodwill. Reacquired rights are initially valued at the present value of the expected future cash flows, and subsequently amortised on a straight-line basis over its useful life, being the remaining contractual period without considering contractual extension possibilities, but not exceeding 10 years.

k) Employee Benefits

Short-term Benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group pays contributions to the Kiwisaver superannuation plans. The Group has no further

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

3) Specific accounting policies (continued)

payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

l) Taxation

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised as an expense or income in the profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

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

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.
The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the balance date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

m) Goods and Services Tax (GST) & Value Added Tax (VAT)

The Statement of Comprehensive Income and Cash Flows has been prepared so that all components are stated exclusive of GST and VAT. All items in the Statement of Financial Position are stated net of GST and VAT, with the exception of receivables and payables, which include GST and VAT invoiced. The operations of the Group comprise both exempt and non-exempt supplies for GST and VAT purposes.

n) Foreign Currency

Foreign Currency Transactions
Transactions in foreign currencies are translated into the functional currencies of the entities within the Group at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in the profit or loss.

Foreign Operations
The assets and liabilities of foreign operations are translated to New Zealand dollars at exchange rates at the reporting date. The revenue and expenses of foreign operations are translated to New Zealand dollars at the average exchange rates for the period where this rate approximates the rate at the date of the transaction.

Foreign currency differences are recognised in the Foreign Currency Translation Reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to the Statement of Comprehensive Income.

o) Statement of Cash Flows

Cash and cash equivalents comprise cash at bank and call deposits. Investing activities comprise the purchase and sale of fixed assets, acquisition of a subsidiary and intangible assets along with any funding made available or repaid from franchisees. Financing activities comprise any changes in equity and debt and the payment of dividends (if any). Operating activities include all transactions and other events that are not investing or financing activities.

p) Earnings and Net Tangible Assets Per Share

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of shares outstanding during the year. Diluted EPS is calculated by adjusting the profit or loss

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

3) Specific accounting policies (continued)

attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes share options granted to employees.

The Group also presents Net Tangible Assets Per Share for its ordinary shares and it is calculated by dividing the net tangible assets of the Group by the number of shares outstanding at the end of the year.

q) Segment Reporting

Operating segments have been identified based on the information provided to the chief operating decision maker; being the Board of Directors.

The Group operates in four operating segments – these consist of the following geographical locations, New Zealand, Australia, United States of America and the Middle East.

There have been no changes from prior years in the measurement methods used to determine reported segment profit or loss.

r) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 14.1 for a description of impairment testing procedures.

s) Impairment Testing of Goodwill, Other Intangible Assets and Non-financial Assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested 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 or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

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

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Impairment losses for cash-generating units reduce first the carrying amount of any Goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of Goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4) New standards adopted

NZ IFRS 16 – Leases
NZ IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. NZ IFRS 16 replaces NZ IAS 17 Leases. It provides improved transparency and comparability of the Group's lease assets and lease liabilities for investors and other users of general purpose financial statements and applies to all Tier 1 and Tier 2 for-profit reporting entities, and is effective for annual periods beginning on or after 1 January 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

4) New standards adopted (continued)

The Standard eliminates the classification of leases as either operating leases or finance leases. Instead, there is a single lessee model which requires a lessee to recognise on its statement of financial position assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

NZ IFRS 16 significantly impacts the Group's Statement of Financial Position as they hold the head leases on most of the New Zealand franchised stores and all of the company owned stores. In addition to the head office, company owned stores & warehouse leases, the Group at 31 March 2020 holds the head leases on 53 franchised Burger Fuel stores in New Zealand.

The Group has elected to apply the following practical expedients to the measurement of right-of-use assets and lease liabilities in relation to those leases previously classified as operating leases under the predecessor standard:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on previous assessments of whether leases are onerous applying NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.
- Applied the exemption to not recognise right-of-use assets and liabilities of leases with remaining lease term of 12 months or less.
- Applied the exemption to not recognise right-of-use assets and liabilities of leases for which the underlying assets are of low value.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight, such as in determining the lease term for contracts that contain options to extend or terminate a lease.

The Group has elected to apply the modified retrospective approach to the adoption of NZ IFRS 16. Under this approach the right-of-use assets (and lease receivable) are measured as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Accordingly, comparative financial information presented in these financial statements has not been restated and continues to be reported under NZ IAS 17.

Upon adoption, the Group has written off the lease incentive liability to the opening retained earnings. This resulted in an adjustment of $56,000 to opening retained earnings.

The BFG occupied leases

The Group recognised $7.1M right of use asset and an offsetting lease liability as at 1 April 2019 for the current occupied leases. This led to the recognition of a deferred tax asset of $2.0M and a corresponding deferred tax liability of $2.0M. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of the lease liability was 6.3%. These current occupied leases are amortised to the Statement of Comprehensive Income over the expected lease term of the underlying right of use assets as depreciation expense.

The BFG non- occupied leases

Previously, the Group classified all its subleases as operating leases under NZ IAS 17. On transition to NZ IFRS 16, these leases were reassessed and classified as finance leases, since the subleases were for the whole of the remaining terms of the head leases. These subleases have been accounted for as new finance leases entered into at the date of initial application.

At transition, the right-of-use assets recognised from the head leases were disposed by entering into finance leases. Since the interest rate implicit in the subleases cannot be readily determined, the discount rates used for the head leases were used for measuring the finance lease receivables associated with the subleases. Since the sublease contracts are further like-for-like when compared to the head lease (e.g. same duration and payments), no gain or loss was recognised on the disposal of the right-of-use assets and the initial recognition of the finance lease receivables. Subsequently, the interest income from the subleases is further equal to the interest expense incurred on the related head leases.

The Group recognised $23.3M lease receivable and offsetting lease liability as at 1 April 2019 for the non-occupied leases that have been sub-let to the franchisees on the same terms. This led to the recognition of a deferred tax asset of $6.5M and a corresponding deferred tax liability of $6.5M. As the deferred tax asset and deferred tax liability arise in the same tax jurisdiction, the entity has offset the asset and liability and therefore no deferred tax recognised on the non-occupied leases. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of the lease liability was 6.3%. These non-occupied leases are recognised in the Statement of Comprehensive Income as interest income & interest expense over the term of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

4) New standards adopted (continued)

This expense was $1.4M in FY20 but is negated with a lease interest income in the financial statements to recognise the fact that the leased premises have been fully sub-let to the franchisees.

The right of use asset, lease receivable & lease liability amount is calculated to the lease expiry together with periods covered by an option to extend, if the Group is reasonably certain to exercise that option. The Group's operating lease commitments are set out in Note 20.

The adoption of NZ IFRS 16 resulted in a reduction of rent expense in the Statement of Comprehensive Income of $841K (2019: $760K if reporting under IFRS 16).

For more detailed information on the Group's lease commitments please see Note 20.

Reconciliation

	Occupied	Non-occupied	Total
31 March 2019 lease commitments (including limited liability clauses)	2,534,692	5,268,442	7,803,134
Adjustment to full lease term (excluding limited liability clauses)	7,601,754	28,910,669	36,512,423
Impact of discounting to present value at 1 April 2019	(3,040,888)	(10,877,540)	(13,918,428)
Carrying amount of lease liability at 1 April 2019	7,095,558	23,301,571	30,397,129

5) Revenue

	2020	2019
	$	$
Sale of Goods	8,413,491	8,687,830
Franchising Fees	375,854	361,480
Training Fees	110,000	30,000
Royalties	5,684,225	5,938,200
Advertising Fees	3,725,168	3,854,686
Property Management Fees	53,000	55,000
Gain on Sale of Fixed Assets	11,250	7,576
Foreign Exchange Gains / (Losses)	142,892	40,791
Other Income	1,829,856	1,924,352
	20,345,736	**20,899,915**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

6) Expenses

	2020	2019
	$	$
Operating expenses include:		
Cost of Sales	3,271,330	3,690,870
Rental and Operating Lease Costs	-	760,285
Loss on Disposal of Property, Plant and Equipment	7,327	73,477
Directors' Fees (refer Note 25)	120,000	120,000
Wages and Salaries	4,771,395	4,931,872
Contributions to a defined contribution plan	153,545	159,275
Key management personnel costs: (refer Note 25)		
- Salary and other short-term benefits	2,216,816	2,436,216
Auditors' remuneration – Audit Services – Baker Tilly Staples Rodway:		
- Audit of Financial Statements	104,950	88,721
- Tax and other compliance services	21,475	35,766
Other Operating Expenses	3,056,826	3,031,875
Provision for Doubtful Debts (refer Note 9)	-	(31,709)
Write-off of loan – Shake Out Browns Bay, Auckland	133,333	-
Write-off of obsolete kitchen Equipment & stock (refer Note 10)	89,862	-
Advertising Expenditure	4,026,572	3,112,323
	17,973,431	**18,408,971**

The above key management personnel costs include remuneration of the Group Chief Executive and the members of the executive team.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

7) Income tax

	2020	2019
	$	$
Taxation expense is represented by:		
Current Tax	191,040	652,366
Deferred Tax	26,855	(32,928)
	217,895	**619,438**
Profit / (Loss) before income tax expense	723,373	1,855,779
Timing differences & non-deductible expenses:		
50% entertainment	48,102	50,896
Non-deductible expenditure	224,779	189,955
Depreciation & Amortisation	20,103	33,832
IFRS 15 Adjustment	(41,429)	24,854
IFRS 16 Adjustment	231,346	-
Accruals	(122,902)	34,763
Prepayments	3,701	(18,854)
Make good provision	1,150	1,200
Holiday pay not paid out within 63 days	(30,735)	114,660
Provision for Doubtful Debts	(218,291)	(31,709)
Other	85,152	-
	200,976	**399,597**
Taxable Profit / (Loss)	924,349	2,255,376
Profit / (Loss) made by Australian and US Entities	-	(103,354)
Non-taxable Middle East Income	(6,053)	(14,984)
Tax Losses utilised	(402,740)	-
Net Taxable Profit	515,556	2,137,038
Taxation at the company's effective tax rate	144,356	598,371
Deferred tax movement P&L	26,855	(32,928)
Under Provision of Prior Period	46,684	53,995
Total income tax expense per statement of comprehensive income	**217,895**	**619,438**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

7) Income tax (continued)

	2020	2019
Reconciliation of deferred tax asset:	$	$
Deferred tax on temporary differences		
Opening balance	715,959	188,180
Over provision of prior period	12,105	(51,244)
Opening IFRS 15 adjustment	-	560,707
Brand Asset	-	(26,133)
Provision for employee benefits	(8,354)	32,105
Provisions for make good	322	336
Allowance for impaired assets	(61,121)	(8,879)
Depreciation	4,767	9,473
Accruals	(28,787)	9,734
Deferred revenue	(11,600)	6,959
Impact of IFRS16	64,777	-
Prepayments	1,036	(5,279)
	689,104	**715,959**
Opening Balance	**715,959**	**188,180**
Charged to profit or loss	(38,960)	18,316
Opening adjustment to retained earnings for IFRS 15	-	560,707
Over provision of prior period	12,105	(51,244)
Closing Balance	**689,104**	**715,959**

The Group has $3,630,030 of unrecognised losses to be carried forward (2019: $3,627,539). The potential benefit of these losses is $938,891 (2019: $952,832) which has not been recognised in the financial statements. The losses carried forward relate to the Australian and US operations.

The Group has recognised a deferred tax asset of $689,104 (2019: $715,959) with respect to other temporary differences. This has been recognised as it is probable that future taxable profit will be available to allow the asset to be utilised.

The weighted average tax rate of the Group is effectively 28% based on earnings in NZ, USA and Australia (2019: 28% based on operating in New Zealand, USA and Australia). There are no other tax jurisdictions, other than New Zealand, USA and Australia, in which the Group earns taxable income

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

8) Imputation credits

	2020	2019
	$	$
Opening balance	1,463,244	641,321
Add		
Provisional tax paid	413,315	798,995
Terminal tax paid	-	-
Resident withholding tax	17,419	22,928
	430,734	821,923
Deduct		
Income tax refund received	-	-
	-	-
Closing balance	**1,893,978**	**1,463,244**

9) Trade and other receivables

	2020	2019
	$	$
Trade receivables	2,158,980	2,235,509
Allowance for impaired assets	-	(218,291)
	2,158,980	2,017,218
Trade receivables - USA licence	261,000	261,000
Trade receivables - USA store sale	609,000	609,000
Prepayments	112,472	104,997
Sundry receivables	47,882	29,019
	3,189,334	**3,021,234**

Receivables denominated in currencies other than the presentation currency are Australian Dollars, US Dollars and UAE Dirhams and they comprise 57.9% of the trade receivables (2019: 48.1%). The total receivables impaired for the 2020 financial year are Nil (2019: $218,291).

To apply the requirements of NZ IFRS 9, the Group has also assessed the expected credit loss of the remaining trade and other receivables by assessing historic credit losses, current market conditions, and other factors affecting future cash flows. Management has determined that no further impairment is required under the expected credit loss model as the calculated loss rates are nil.

The Burger Fuel USA licence agreement was sold to the founding director Christopher Mason for NZD$261,000. This transaction occurred on the 5th March 2018. At the same time Christopher Mason also purchased the equity of the Group's US subsidiary company BF Indiana Two LLC for NZD$609,000. As at 31 March 2020 the $261,000 licence fee, $609,000 sale proceeds and a $329,391 management fee were still outstanding and are past due (2019: $261,000 licence fee, $609,000 sale proceeds and a $237,307 management fee outstanding). These amounts were payable within 24 months of the transaction date and are secured over Chris Mason's BFG shares. Interest of 3.75% is payable on the outstanding balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

9) Trade and other receivables (continued)

Impairment provision movement:

	2020	2019
	$	$
Opening Balance	(218,291)	(250,000)
Provision Utilised	218,291	-
Provision Reversed	-	99,902
Additional Provisions	-	(68,193)
Closing Balance	-	(218,291)

10) Inventories

	2020	2019
	$	$
Ingredients	123,791	170,846
Finished Goods	441,426	450,772
Total Inventory	**565,217**	**621,618**

Finished goods includes signage, kitchen equipment & proprietary products (BurgerFuel sauces & dry goods). During the year ended 31 March 2020, $49,537 of obsolete kitchen equipment, signs and licences were written off. $16,500 of sauces were written off and $23,825 of sauces held by our distributor were provisioned for due to the COVID-19 lockdown (level 4) ($40,325 in total) (2019: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

11) Property, plant & equipment

2020	Motor vehicles	Office equipment	Furniture & fittings	IT
	$	$	$	$
Cost				
Balance 1 April 2019	959,156	109,100	1,318,449	1,449,437
Opening balance adjustment/disposal *	(217,887)	(30,039)	(283,017)	(433,347)
Additions	-	-	31,861	109,783
Disposals	(35,143)	(1,331)	(6,076)	(20,539)
Cost at 31 March 2020	**706,126**	**77,730**	**1,061,217**	**1,105,334**
Depreciation and impairment losses				
Balance 1 April 2019	805,395	81,123	850,065	1,159,303
Opening balance adjustment/disposal *	(223,268)	(30,059)	(265,643)	(443,607)
Disposals	(32,965)	(1,230)	(3,269)	(16,553)
Depreciation for the year	47,584	4,665	105,176	173,881
Foreign exchange impact	(868)	-	-	(118)
Balance 31 March 2020	**595,878**	**54,499**	**686,329**	**872,906**
Net Book Value				
Balance 1 April 2019	153,761	27,977	468,384	290,134
Opening balance adjustment/disposal *	5,381	20	(17,374)	10,260
Depreciation for the year	(47,584)	(4,665)	(105,176)	(173,881)
Additions	-	-	31,861	109,783
Disposals	(2,178)	(101)	(2,807)	(3,986)
Foreign exchange impact	868	-	-	118
Net Book Value at 31 March 2020	**110,248**	**23,231**	**374,888**	**232,428**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

11) Property, plant & equipment (continued)

2020	Kitchen equipment	Leasehold improvements	Total
	$	$	$
Cost			
Balance 1 April 2019	862,026	1,949,987	6,648,155
Opening balance adjustment/disposal *	(85,643)	(10,650)	(1,060,583)
Additions	294,466	76,349	512,459
Disposals	(46,671)	-	(109,760)
Cost at 31 March 2020	**1,024,178**	**2,015,686**	**5,990,271**
Depreciation and impairment losses			
Balance 1 April 2019	408,166	805,401	4,109,453
Opening balance adjustment/disposal *	(80,397)	(17,609)	(1,060,583)
Disposals	(11,378)	-	(65,395)
Depreciation for the year	92,955	121,504	545,765
Foreign exchange impact	-	-	(986)
Balance 31 March 2020	**409,346**	**909,296**	**3,528,254**
Net Book Value			
Balance 1 April 2019	453,860	1,144,586	2,538,702
Opening balance adjustment/disposa *	(5,246)	6,959	-
Depreciation for the year	(92,955)	(121,504)	(545,765)
Additions	294,466	76,349	512,459
Disposals	(35,293)	-	(44,365)
Foreign exchange impact	-	-	986
Net Book Value at 31 March 2020	**614,832**	**1,106,390**	**2,462,017**

* Elimination of fully written down assets no longer being used by the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

11) Property, plant & equipment (continued)

2019	Motor vehicles	Office equipment	Furniture & fittings	IT
	$	$	$	$
Cost				
Balance 1 April 2018	952,001	108,851	1,229,636	1,245,953
Additions	28,660	735	123,060	226,478
Disposals	(21,505)	(486)	(34,247)	(22,994)
Cost at 31 March 2019	**959,156**	**109,100**	**1,318,449**	**1,449,437**
Depreciation and impairment losses				
Balance 1 April 2018	745,403	74,714	726,355	963,255
Depreciation for the year	60,683	6,409	123,710	196,170
Foreign exchange impact	(691)	-	-	(122)
Balance 31 March 2019	**805,395**	**81,123**	**850,065**	**1,159,303**
Net Book Value				
Balance 1 April 2018	206,598	34,137	503,281	282,698
Depreciation for the year	(60,683)	(6,409)	(123,710)	(196,170)
Additions	28,660	735	123,060	226,478
Disposals	(21,505)	(486)	(34,247)	(22,994)
Foreign exchange impact	691	-	-	122
Net Book Value at 31 March 2019	**153,761**	**27,977**	**468,384**	**290,134**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

11) Property, plant & equipment (continued)

2019	Kitchen equipment	Leasehold improvements	Total
	$	$	$
Cost			
Balance 1 April 2018	711,013	1,672,597	5,920,051
Additions	214,476	277,390	870,799
Disposals	(63,463)	-	(142,695)
Cost at 31 March 2019	**862,026**	**1,949,987**	**6,648,155**
Depreciation and impairment losses			
Balance 1 April 2018	329,313	693,883	3,532,923
Depreciation for the year	78,853	111,518	577,343
Foreign exchange impact	-	-	(813)
Balance 31 March 2019	**408,166**	**805,401**	**4,109,453**
Net Book Value			
Balance 1 April 2018	381,700	978,714	2,387,128
Depreciation for the year	(78,853)	(111,518)	(577,343)
Additions	214,476	277,390	870,799
Disposals	(63,463)	-	(142,695)
Foreign exchange impact	-	-	813
Net Book Value at 31 March 2019	**453,860**	**1,144,586**	**2,538,702**

The gain on sale recorded in the Statement of Comprehensive Income was $11,250 (2019: $7,576), relating to the sale of two motor vehicles and kitchen equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

12) Investment in subsidiaries

The Parent Company's investment in the subsidiaries comprises shares at cost.
All subsidiaries have a 31 March balance date.

Subsidiary Companies	Country of Incorporation	Interest Held 2020	Interest Held 2019
BF Lease Company Limited	New Zealand	100%	100%
BF Lease Company No 1 Limited	New Zealand	100%	100%
BF Lease Company No 2 Limited	New Zealand	100%	100%
BF Lease Company No 3 Limited	New Zealand	100%	100%
BF Lease Company No 4 Limited	New Zealand	100%	100%
BF Lease Company No 5 Limited	New Zealand	100%	100%
BF Lease Company No 6 Limited	New Zealand	100%	100%
BF Lease Company No 7 Limited	New Zealand	100%	100%
BF Lease Company No 8 Limited	New Zealand	100%	100%
BF Lease Company No 9 Limited	New Zealand	100%	100%
BF Lease Company No 10 Limited	New Zealand	100%	100%
BF Lease Company No 11 Limited	New Zealand	100%	100%
BF Lease Company No 12 Limited	New Zealand	100%	100%
BF Lease Company No 13 Limited	New Zealand	100%	100%
BF Lease Company No 14 Limited	New Zealand	100%	100%
BF Lease Company No 15 Limited	New Zealand	100%	100%
BF Lease Company No 16 Limited	New Zealand	100%	100%
BF Lease Company No 17 Limited	New Zealand	100%	100%
BF Lease Company No 18 Limited	New Zealand	100%	100%
BF Lease Company No 19 Limited	New Zealand	100%	100%
BF Lease Company No 20 Limited	New Zealand	100%	100%
BF Lease Company No 21 Limited	New Zealand	100%	100%
BF Lease Company No 22 Limited	New Zealand	100%	100%
BF Lease Company No 23 Limited	New Zealand	100%	100%
BF Lease Company No 24 Limited	New Zealand	100%	100%
BF Lease Company No 25 Limited	New Zealand	100%	100%
BF Lease Company No 26 Limited	New Zealand	100%	100%
BF Lease Company No 27 Limited	New Zealand	100%	100%
BF Lease Company No 28 Limited	New Zealand	100%	100%
BF Lease Company No 29 Limited	New Zealand	100%	100%
BF Lease Company No 30 Limited	New Zealand	100%	100%
BF Lease Company No 31 Limited	New Zealand	100%	100%
BF Lease Company No 32 Limited	New Zealand	100%	100%
BF Lease Company No 33 Limited	New Zealand	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

Subsidiary Companies	Country of Incorporation	Interest Held 2020	Interest Held 2019
BF Lease Company No 34 Limited	New Zealand	100%	100%
BF Lease Company No 35 Limited	New Zealand	100%	100%
BF Lease Company No 36 Limited	New Zealand	100%	100%
BF Lease Company No 37 Limited	New Zealand	100%	100%
BF Lease Company No 38 Limited	New Zealand	100%	100%
BF Lease Company No 39 Limited	New Zealand	100%	100%
BF Lease Company No 40 Limited	New Zealand	100%	100%
BF Lease Company No 41 Limited	New Zealand	100%	100%
BF Lease Company No 42 Limited	New Zealand	100%	100%
BF Lease Company No 43 Limited	New Zealand	100%	100%
BF Lease Company No 44 Limited	New Zealand	100%	100%
BF Lease Company No 45 Limited	New Zealand	100%	100%
BF Lease Company No 46 Limited	New Zealand	100%	100%
BF Lease Company No 47 Limited	New Zealand	100%	100%
BF Lease Company No 48 Limited	New Zealand	100%	100%
Burger Fuel Group Lease Limited *(formally BF Lease Company No 49 Limited)*	New Zealand	100%	100%
Burger Fuel Worldwide Limited *(formally BF Lease Company No 50 Limited)*	New Zealand	100%	100%
Burger Fuel (Dubai) NZ Limited	New Zealand	100%	100%
Burger Fuel (ME) DMCC	Dubai	100%	100%
Burger Fuel International Limited	New Zealand	100%	100%
Burger Fuel (Australia) Pty Limited	New Zealand	100%	100%
Burger Fuel (Australia) No2 Pty Limited	New Zealand	100%	100%
Burger Fuel International Management Limited	New Zealand	100%	100%
Burger Fuel Limited	New Zealand	100%	100%
BurgerFuel Henderson Limited	New Zealand	100%	100%
Burger Fuel Takapuna Limited	New Zealand	100%	100%
Winner Winner Limited	New Zealand	100%	100%
Shake Out Limited	New Zealand	100%	100%
Concept Brands Limited	New Zealand	100%	100%
Shake Out Newmarket Limited	New Zealand	100%	-
Shake Out Container Limited	New Zealand	100%	-
Burger Fuel Pty Limited	Australia	100%	100%
Burger Fuel Australia Pty Limited	Australia	100%	100%
Burger Fuel (USA) Inc.	United States of America	100%	100%
Burger Fuel (USA) Management Inc.	United States of America	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

12) Investment in subsidiaries (Continued)

The principal activities of the subsidiaries are:

Burger Fuel Limited – Franchise systems – gourmet burger restaurants.

Burger Fuel International Limited – Holds patents, trademarks and licences and holds the international Master Franchise Agreements.

Burger Fuel International Management Limited – Owns the BurgerFuel Australia operation and holds the international Master Franchise Agreements.

Burger Fuel (Australia) Pty Limited – Non trading.

Burger Fuel (Australia) No2 Pty Limited – Non trading.

Burger Fuel Australia Pty Limited – Non trading.

Burger Fuel Pty Limited – Administration.

Burger Fuel (ME) DMCC – Dubai based trading company.

Burger Fuel (Dubai) NZ Limited – Holding company of the subsidiary in Dubai.

BurgerFuel Henderson Limited – New Zealand based company trading as restaurant.

Burger Fuel Takapuna Limited – New Zealand based company trading as restaurant.

Burger Fuel (USA) Inc. – Non trading.

Burger Fuel (USA) Management Inc. – USA Management Company.

Winner Winner Limited – Non trading.

Shake Out Limited – New Zealand based company trading as restaurant.

Concept Brands Limited - Franchise systems – Shake Out and Winner Winner brands.

Shake Out Newmarket Limited – Non trading.

Shake Out Container Limited – New Zealand based company trading as mobile restaurant.

All other companies are head lease holders for store premises in New Zealand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

13) Loans

	2020	2019
	$	$
Loans to Third Parties		
Advance to Supplier	157,606	157,606
Advance to Franchisee	150,000	-
Advances to staff	859	13,294
	308,465	170,900
Total Loans	**308,465**	**170,900**
Current	174,325	170,900
Non-current	134,140	-
	308,465	**170,900**

Advances to suppliers and staff

The advance to a supplier is to assist ilabb Limited with the stock holding of the BurgerFuel uniforms. The loan is interest bearing at 3% (2019: 3%), secured over the uniform inventory and is repayable on demand.

The advance to a franchisee is to assist with developing the new Shake Out brand. The loan is interest bearing at 5.7%. One advance to staff has been made during the year that is unsecured, non-interest bearing and payable in regular instalments.

These advances have been assessed by management and there is no impairment or expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

14) Intangible assets

2020	Key Money	Brand Assets	Goodwill	Reacquired Rights	Domain Name	Patent	Trade Marks	Total
	$	$	$	$	$	$	$	$
Cost								
Balance 1 April 2019	90,000	221,333	1,639,279	250,760	75,713	36,586	1,008,315	**3,321,986**
Disposals/adjustment*	(67,500)	-	-	-	(75,713)	(19,223)	(260,428)	**(422,864)**
Acquisitions	-	-	-	-	-	533	20,974	**21,507**
Balance at 31 March 2020	22,500	221,333	1,639,279	250,760	-	17,896	768,861	**2,920,629**
Amortisation								
Balance 1 April 2019	89,612	16,556	-	55,724	74,750	26,983	513,573	**777,198**
Disposals/adjustment*	(67,500)	-	-	-	(74,750)	(20,777)	(258,071)	**(421,098)**
Current year amortisation	388	19,141	-	27,862	-	2,961	92,732	**143,084**
Balance 31 March 2020	22,500	35,697	-	83,586	-	9,167	348,234	**499,184**
Net Book Value								
Balance 1 April 2019	388	204,777	1,639,279	195,036	963	9,603	494,742	**2,544,788**
Disposals/adjustment*	-	-	-	-	(963)	1,554	(2,357)	**(1,766)**
Additions	-	-	-	-	-	533	20,974	**21,507**
Amortisation	(388)	(19,141)	-	(27,862)	-	(2,961)	(92,732)	**(143,084)**
Net Book Value at 31 March 2020	**-**	**185,636**	**1,639,279**	**167,174**	**-**	**8,729**	**420,627**	**2,421,445**

* Elimination of fully written down intangible assets no longer being used by the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

14) Intangible assets (continued)

2019	Key Money	Brand Assets	Goodwill	Reacquired Rights	Domain Name	Patent	Trade Marks	Total
	$	$	$	$	$	$	$	$
Cost								
Balance 1 April 2018	90,000	100,000	1,639,279	250,760	62,305	36,127	949,268	**3,127,739**
Acquisitions	-	121,333	-	-	13,408	459	59,047	**194,247**
Balance at 31 March 2019	90,000	221,333	1,639,279	250,760	75,713	36,586	1,008,315	**3,321,986**
Amortisation								
Balance 1 April 2018	84,957	2,917	-	27,862	54,557	24,166	408,091	**602,550**
Current year amortisation	4,655	13,639	-	27,862	20,193	2,817	105,482	**174,648**
Balance 31 March 2019	89,612	16,556	-	55,724	74,750	26,983	513,573	**777,198**
Net Book Value								
Balance 1 April 2018	5,043	97,083	1,639,279	222,898	7,748	11,961	541,177	**2,525,189**
Additions	-	121,333	-	-	13,408	459	59,047	**194,247**
Amortisation	(4,655)	(13,639)	-	(27,862)	(20,193)	(2,817)	(105,482)	**(174,648)**
Net Book Value at 31 March 2019	**388**	**204,777**	**1,639,279**	**195,036**	**963**	**9,603**	**494,742**	**2,544,788**

The reacquired rights will be amortised over the life of the franchise agreement at the time of purchase being 9.5 years.

14.1) Impairment testing

Impairment

The goodwill of the Takapuna and Henderson stores have been tested for impairment. Based on the impairment testing results, no impairment loss on Goodwill is recorded in the 2020 financial year (2019: Nil). In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount to present values. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the Goodwill arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

14) Intangible assets (continued)

	2020	2019
	$	$
New Zealand Retail – Henderson Store	701,427	701,427
New Zealand Retail – Takapuna Store	937,852	937,852
Goodwill allocation at 31 March	1,639,279	1,639,279

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a detailed forecast period, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management.

Management assessed the impact of reduced economic activity and lower revenues due to the COVID-19 pandemic on the valuation of the Group's financial and non-financial assets (i.e. impairment assessment of cash generating units). As a result of the ongoing COVID-19 pandemic, the Group's impairment assessments as at reporting date took into account the temporary cessation of operations, expected decline in demand and profitability.

The Group has prepared revised cash flow forecasts for the purposes of the Group's annual impairment testing of goodwill and brand. This assessment has confirmed the carrying value of goodwill and brand assets as at 31 March 2020

The present value of the expected cash flows of each segment is determined by applying a suitable discount rate.

	Growth Rates		Discount Rates	
	2020	2019	2020	2019
New Zealand Retail – Henderson Store	2.0%	2.0%	11%	11%
New Zealand Retail – Takapuna Store	2.0%	2.0%	11%	11%

14.2) Growth rates

The growth rates reflect the long-term average growth rates for the product line and industry of the segments (all publicly available). The Group is expecting the growth rates to be down (7% - 10%) in FY21 for the Henderson and Takapuna store but expect FY22 to be back at pre COVID-19 levels, thus up (7% - 10%).

14.3) Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each unit.

14.4) Cash flow assumptions

Management's key assumptions include uncertain profit margins due to the COVID-19 pandemic. The Group had reduced royalty and sales income in March 2020 and early FY21 due to store closures in Alert level 4 (refer note 29). The Group's management believes that while they expect FY21 sales to be down on FY20, reduced overheads and government assistance through the wage subsidy will partially offset this lost revenue. Cash flow projections reflect this uncertainty and will be updated as the economic outlook becomes more certain.

The forecasts assume that New Zealand will remain at Alert Level 1 or lower and no further restrictions are placed on the business operations during the forecast period.

The Group have used different discount and growth rates to determine the value-in-use of the cash-generating units and have concluded that there has been no indication of impairment loss in Goodwill value. Management will monitor closely the same store sales during FY21, as the economic impacts of COVID-19 develop, and will update the impairment calculations accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

15) Trade and other payables and contract liabilities

	2020	2019
	$	$
Trade payables	639,103	1,190,185
COVID-19 Wage subsidy received	488,887	-
Payroll liabilities	34,647	6,304
GST payable	191,586	197,134
Accrued expenses	116,726	104,826
	1,470,949	**1,489,449**

Payables denominated in currencies other than the presentation currency comprise 0.03% of the trade payables (2019: 0.5%).

	2020	2019
Current Contract Liability	412,620	263,215
Non-Current Contract Liability	1,625,998	1,751,831
	2,038,618	**2,015,046**

Contract Liability	**Franchise Fees**	**MLA**	**Total**
Opening adjustment for adoption of IFRS 15	1,138,736	863,159	2,001,895
Current year revenue recognised – IFRS 15 Adjustment	(183,484)	(60,663)	(244,147)
Franchise fees booked to Balance Sheet in FY19	269,000	-	269,000
Revenue recognised – Franchise fees	(11,702)	-	(11,702)
Balance 31 March 2019	**1,212,550**	**802,496**	**2,015,046**
Franchise fees booked to Balance Sheet in FY20	235,000	-	235,000
Revenue recognised – Franchise fees	(216,808)	(59,620)	(276,428)
Historic royalties invoiced	65,000	-	65,000
Balance 31 March 2020	**1,295,742**	**742,876**	**2,038,618**

The contract liability represents the remaining balance of franchise and MLA fees spread over the life of the agreement which is typically 10 & 20 years in length, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

16) Provisions

	2020	2019
	$	$
Store Closure Provision		
Opening balance	38,050	36,850
Provisions made during the year	1,150	1,200
Provisions used during the year	-	-
	39,200	**38,050**
Holiday Pay Provision		
Opening balance	414,631	298,405
Provisions made during the year	440,586	464,375
Provisions used during the year	(418,761)	(348,149)
	436,456	**414,631**
Total Provisions	**475,656**	**452,681**
Current	436,456	414,631
Non-current	39,200	38,050
Total Provisions	**475,656**	**452,681**

Store Closure Provision

This is the make good provision that is set aside to cover the costs of returning premises that are occupied by BurgerFuel back to their original condition, after taking into account the normal wear and tear of these premises

Holiday Pay Provision

This is the allocation of the 8% annual leave entitlement that each full-time and part-time employee is entitled to as part of their employment, which is accrued throughout the year.

17) Cash and cash equivalents

	2020	2019
	$	$
Cash at bank	3,373,400	3,344,795
Cash on deposit	2,196,767	2,158,678
	5,570,167	**5,503,473**

At balance date there is $20,000 (2019: $20,000) in restricted cash for bonds issued to the NZX.

Refer note 23 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

18) Contributed equity

	Number of Shares		Share Capital	
	2020	2019	2020	2019
			$	$
Opening ordinary shares on issue	54,383,142	59,633,550	13,864,066	15,811,011
Share buyback and cancellation	(712,947)	(5,250,408)	(269,241)	(1,946,945)
Authorised & issued ordinary shares on issue at 31 March	**53,670,195**	**54,383,142**	**13,594,825**	**13,864,066**

Burger Fuel Group Limited was listed on the New Zealand Alternative Stock Exchange (NZAX) on the 27 July 2007. The Group migrated to the main board (NZX) on the 1st July 2019. The Company has 53,670,195 (2019: 54,383,142) authorised and fully paid ordinary shares on issue. All shares have equal voting rights and share equally in dividends and any surplus on winding up. The shares have no par value.

Previously recognised IPO capital costs were offset against Contributed Equity in 2020.

No Dividends were paid in the 2020 financial year (2019: NIL).

712,947 BFG Shares were purchased (and cancelled) from Franchise Brands LLC during the FY20 financial year. This was settled on 28 April 2019. 5,250,408 shares were issued or cancelled during the 2019 financial year in four separate tranches.

19) Retained Earnings

	2020	2019
	$	$
Retained Earnings / (Accumulated Losses)		
Closing Balance 31 March	(2,541,498)	(2,336,651)
Effect of changes in accounting policies resulting from the adoption of IFRS16	56,000	-
Effect of changes in accounting policies resulting from the adoption of IFRS 15 & IFRS 9	-	(1,441,188)
Opening Balance 1 April	(2,485,498)	(3,777,839)
Net surplus / (Deficit) for the year	505,478	1,236,341
Closing Balance	**(1,980,020)**	**(2,541,498)**

Due to the introduction of IFRS16 on the 1st January 2019, the Group had to reclass a fitout contribution to opening retained earnings. This was previously to be realised over the life of the lease and had $56,000 remaining as at 1 April 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

20) Right of use assets, lease receivable and lease liabilities

NZ IFRS 16 significantly impacts the Group's Statement of Financial Position as they hold the head leases on most of the New Zealand franchised stores and all of the company owned stores. In addition to the head office company owned stores & warehouse leases **(Occupied leases)**, the Group at 31 March 2020 holds the head leases on 53 franchised Burger Fuel stores in New Zealand **(Non-occupied leases)**. These have been sublet to the franchisees on the same terms and conditions as the head leases. These are considered finance leases and the net investment in the lease is recorded as a receivable. Expected credit losses have been reviewed and no impairments noted.

The following table shows the impact on the financial statement line items as a result of the adoption of IFRS 16:

	Non-Occupied	Occupied	Total
Right of Use Assets			
Opening balance	-	-	-
Adoption of NZ IFRS 16	-	7,095,558	7,095,558
Remeasurements of ROU assets	-	1,362,778	1,362,778
Depreciation	-	(630,329)	(630,329)
Right of use Asset as at 31 March 2020	**-**	**7,828,007**	**7,828,007**
Lease Receivable			
Opening balance	-	-	-
Adoption of NZ IFRS 16	23,301,571	-	23,301,571
Remeasurements of existing lease receivables	899,276	-	899,276
Interest income	1,410,421	-	1,410,421
Rent payments	(2,854,118)	-	(2,854,118)
Lease Receivable as at 31 March 2020	**22,757,150**	**-**	**22,757,150**
Current	1,518,310	-	1,518,310
Non-current	21,238,840	-	21,238,840
Lease Receivable as at 31 March 2020	**22,757,150**	**-**	**22,757,150**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

20) Right of use assets, lease receivable and lease liabilities (continued)

	Non-Occupied	Occupied	Total
Lease Liability			
Opening balance	-	-	-
Adoption of NZ IFRS 16	(23,301,571)	(7,095,558)	(30,397,129)
Remeasurements of existing lease liabilities	(899,276)	(1,362,778)	(2,262,054)
Interest	(1,410,421)	(442,632)	(1,853,053)
Rent payments	2,854,118	841,615	3,695,733
Lease Liability as at 31 March 2020	**(22,757,150)**	**(8,059,353)**	**(30,816,503)**
Maturity analysis – undiscounted			
Less than one year	2,869,658	875,678	3,745,336
Between one and five years	11,239,892	3,498,348	14,738,240
More than five years	18,576,733	7,194,227	25,770,960
31 March 2020	**32,686,283**	**11,568,253**	**44,254,536**
Maturity analysis – discounted			
Less than one year	1,518,310	423,538	1,941,848
Between one and five years	6,829,982	1,959,902	8,789,884
More than five years	14,408,858	5,675,913	20,084,771
31 March 2020	**22,757,150**	**8,059,353**	**30,816,503**
Current	**1,518,310**	**423,538**	**1,941,848**
Non-current	**21,238,840**	**7,635,815**	**28,874,655**
Lease Liability as at 31 March 2020	**22,757,150**	**8,059,353**	**30,816,503**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

20) Right of use assets, lease receivable and lease liabilities (continued)

	Non-Occupied	Occupied	Total
Interest, Depreciation and Cash Payments			
Interest Income Leases non occupied	1,410,421	-	1,410,421
Interest Expense Leases non occupied	1,410,421	-	1,410,421
Interest Expense Leases Occupied	-	442,632	442,632
Depreciation Expense	-	630,329	630,329
Actual cash impact of leases (rent)	-	(841,615)	(841,615)
Decrease to net profit from IFRS 16 adoption	**-**	**231,346**	**231,346**

The cash impact of the occupied leases (rent) in 2020 is $841,615 (2019: $760,285). This increase is due to the new Shake Out Smales Farm lease (November 2018) and other rent increases on existing sites.

The total impact to the Statement of Consolidated Statement of Comprehensive Income with the introduction of IFSR16 is $231,346.

The group has 4 stores that have variable lease payments based on sales turnover that are not included in the measurement for lease liability above. This was $7,257 in 2020 (2019: $18,550)

Lease Commitments

The lease liability under IFRS 16 takes the lease term to its expiry as it is Management's intention to use the asset's to date of final expiry. The actual legal commitment as per the legal obligations of the lease is $9,130,493 (2019: $7,803,133). This reduction in lease obligation is due to renewal terms in the lease agreement and limited liability clauses.

	Occupied	Non-Occupied	Total
Limited Liability No Discount FY19			
Less than one year	719,853	2,602,372	3,322,225
Between one and five years	1,537,903	2,377,604	3,915,507
More than five years	276,936	288,466	565,402
31 March 2019	**2,534,692**	**5,268,442**	**7,803,134**
Limited Liability No Discount FY20			
Less than one year	831,695	2,690,381	3,522,076
Between one and five years	2,917,295	2,256,339	5,173,634
More than five years	263,124	171,659	434,783
31 March 2020	**4,012,114**	**5,118,379**	**9,130,493**

The Group holds the head lease over 57 of 62 sites in NZ. The lease on the franchised sites are then licensed to its franchisees under the same terms and conditions. At balance date, the current annual rent expense of leases under this arrangement including occupied leases, was $3,695,734 (2019: $3,654,182).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

21) Foreign currency translation reserve

	2020	2019
	$	$
Foreign Currency Translation Reserve		
Opening Balance	(324,083)	(271,115)
Movements	(117,216)	(52,968)
Closing Balance	**(441,299)**	**(324,083)**

Nature and Purpose of Reserves:

Foreign Currency Translation Reserve

Translation differences arising on the translation of the results of subsidiaries with functional currencies other than New Zealand dollars are recognised directly in the Foreign Currency Translation Reserve. The cumulative amounts are released to profit or loss upon disposal of these subsidiaries.

22) Financial instruments and risk management

Categories of Financial Instruments

	2020	2019
	$	$
Financial Assets		
Cash	5,570,167	5,503,473
Loans	308,465	170,900
Trade Receivables	3,028,980	2,887,218
Sundry Receivables	47,882	29,019
	8,955,494	**8,590,610**
Lease Receivable – Non-occupied leases	22,757,150	-
Total Financial Assets	**31,712,644**	**8,590,610**
Other Financial Liabilities		
Trade Payables	982,062	1,498,449
Lease Liability - Occupied	8,059,353	-
Lease Liability – Non -occupied	22,757,150	-
Total Financial Liabilities	**31,798,565**	**1,498,449**

Financial risk management objectives

Management provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk.

The Management reports quarterly to the Group's audit committee, who monitors risk and policies implemented to mitigate risk exposures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

22) Financial instruments and risk management (continued)

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Market risk exposures are analysed by sensitivity analysis. There has not been significant change to BurgerFuel's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Group's foreign exchange risk is limited to its US Dollar, Australian Dollar & UAE Dirham bank accounts and the trading of its Australian, US & United Arab Emirates subsidiaries. It maintains amounts in these foreign bank accounts and transfers funds when foreign exchange rates are favourable.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the NZ$ against the Australian, UAE & USA currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at year end for a 10% change in foreign currency rates.

The sensitivity analysis includes external loans as well as loans to foreign operations within the Group. A positive number below indicates an increase in profit.

GROUP

	10% Strengthening		10% Weakening	
	2020	2019	2020	2019
	$000	$000	$000	$000
Profit / (Loss) before tax	132	90	(145)	(99)
Equity	95	65	(95)	(71)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance date was outstanding for the whole year. A 100-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The Group has a USD overdraft facility and has exposure to floating interest rates on this facility. This USD overdraft facility has an effect on the interest paid on the Group's cash and cash equivalent accounts.

If the interest rates on cash and cash equivalents had been 100 basis points higher and all other variables were held constant, the Group's operating result for the year ended 31 March 2020 would have been $55,702 higher (2019: $55,035 higher).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

22) Financial instruments and risk management (continued)

Interest rate risk

The Group has cash flow interest rate risk from financial instruments that attract interest. Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk primarily through its cash balances and advances.

The Group manages its interest rate risk by maintaining minimal variable rate cash balances. Excess cash resources are placed into fixed rate term deposits where appropriate.

Interest rate risk profile

2020	Weighted average effective interest rate %	Greater than 1 year	Less than 1 year	Non - interest bearing	Total
		$	$	$	$
Financial Assets					
Cash and cash equivalent	0.61%	-	5,570,167	-	**5,570,167**
Advance to Supplier	3.00%	157,606	-	-	**157,606**
Advance to Franchisee	5.70%	134,140	15,860	-	**150,000**
Advances to Staff	-	-	-	859	**859**
Trade and other receivables	3.75%	-	1,195,393	1,881,469	**3,076,862**
Lease Receivable -non occupied	6.30%	21,238,840	1,518,310	-	**22,757,150**
		21,530,586	**8,299,730**	**1,882,328**	**31,712,644**
Financial Liabilities					
Trade payables	-	-	-	982,062	**982,062**
Lease Liability – Occupied	5.90%	7,635,815	423,538	-	**8,059,353**
Lease Liability – Non -occupied	6.30%	21,238,840	1,518,310	-	**22,757,150**
		28,874,655	**1,941,848**	**982,062**	**31,798,565**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

22) Financial instruments and risk management (continued)

2019	Weighted average effective interest rate %	Greater than 1 year	Less than 1 year	Non - interest bearing	Total
		$	$	$	$
Financial Assets					
Cash and cash equivalent	1.46%	-	5,503,473	-	**5,503,473**
Advance to Supplier	3.00%	-	157,606	-	**157,606**
Advances to Staff	5.00%	-	3,540	9,754	**13,294**
Trade and other receivables	3.75%	-	1,107,308	1,808,929	**2,916,237**
		-	**6,771,927**	**1,818,683**	**8,590,610**
Financial Liabilities					
Trade payables	-	-	-	1,498,449	**1,498,449**
		-	-	**1,498,449**	**1,498,449**

Credit risk

Credit risk is the risk that the counter party to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The credit ratings of its counterparties are continuously monitored by management and the aggregate value of transactions concluded is spread amongst approved counterparties.

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash, trade debtors, loans and advances.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. The maximum credit risk exposures are:

	2020	2019
	$	$
Cash and bank balances	5,570,167	5,503,473
Loans, advances and receivables	3,385,327	3,087,137

Maximum exposures are net of any recognised provisions, and at balance date no loans or advances are considered to be impaired (2019: $Nil). No trade receivables are impaired in FY20 with no further amounts past due (2019: $218,291 past due).

As at 31 March 2020 the $261,000 USA licence fee, $609,000 US store sale proceeds and a $329,391 USA management fee were still outstanding. These amounts were payable by the 5th March 2020 and are secured over Chris Mason's BFG shares. No other amounts were past due.

Cash

The Group's major concentration of credit risk relates to cash deposits with ASB Limited in New Zealand and CBA Bank Limited in Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

22) Financial instruments and risk management (continued)

Receivables

The Group has a credit policy, which is used to manage its exposure to credit risk. As part of this policy, limits on exposures have been set, lending is subject to defined criteria and loans are monitored on a regular basis. The trade receivable are payable on the 10th of the following month and loans are subject to a loan agreement which stipulates monthly repayments or payable on demand. No security is held.

Capital management

The Group's capital includes share capital, reserves and retained earnings as shown in the Statements of Financial Position. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the required capital structure the Group may issue new shares, sell assets to reduce debt and/or adjust amounts paid to investors.

The Group is not subject to any externally imposed capital requirements.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds at short notice to meet commitments associated with financial instruments. The Group maintains sufficient funds to meet the commitments based on historical and forecasted cash flow requirements. The exposure is being reviewed on an ongoing basis from daily procedures to monthly reporting.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. All payables are due within 6 months of balance date (2019: 6 months).

The Group expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

23) Commitments

Capital Commitments

At 31 March 2020, the Group has no contractual commitments (2019: Nil).

Indemnity / Guarantees

BurgerFuel has deposits in place to cover certain commitments the banks have provided:

	2020 Total future minimum payments	2019 Total future minimum payments
	$	$
NZX Bond	20,000	20,000
	20,000	**20,000**

24) Contingencies

The Group has no contingencies at balance date (2019: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

25) Related party transactions

Transactions with Related Parties

During the year the following related party transactions took place:

Group	Relationship	Nature of transaction	2020 $	2019 $
Neo Corporate Trustees Limited (formerly Redmond Enterprises Limited)	Common Directorship	Consultancy Expenses Paid	667,012	635,250
Trumpeter Consulting Limited	Common Directorship	Directors Fees	50,000	50,000
Peter Brook	Director	Directors Fees	70,000	70,000
Neo Corporate Trustees Limited (formerly 66 Surrey Limited)	Director	Head Office Rental	493,938	465,101
Trumpeter Consulting Limited	Common Directorship	Consultancy Expenses Paid	17,304	16,000

The Burger Fuel Group Limited Chief Executive Officer is the sole director of Neo Corporate Trustees Limited. The head office rental is the premises at 66 Surrey Crescent, Grey Lynn, Auckland and the Neo Corporate Trustees Limited consultancy fee relates to the remuneration of the CEO. The Group had a current trade payable of $14,119 with NEO Corporate Trustees Limited as at 31 March 2020. The above remuneration excludes reimbursements of costs incurred on behalf of the Group.

Key Management Compensation

Key management personnel compensation costs include remuneration of the Group Chief Executive, Directors and the members of the executive team. The compensation paid or payable to key management for employee services is shown above.

	2020	2019
	$	$
Salaries and other short-term employee benefits	2,216,816	2,436,216
KiwiSaver Employer Contribution	46,494	42,080
Directors' Fees	120,000	120,000
	2,383,310	**2,598,296**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

26) Earnings per share

The basic earnings per share are calculated by dividing the profit attributed to owners of the Group by the weighted average number of ordinary shares in issue during the year.

	2020	2019
	$	$
Surplus / (Deficit) attributable to the owners of the Group	505,478	1,236,341
Weighted average number of ordinary shares on issue	53,724,737	56,697,165
Basic earnings / (loss) per share (cents)	0.94	2.18
Diluted earnings / (loss) per share (cents)	0.94	2.18

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There is no difference between the basic and diluted number of shares on issue.

27) Reconciliation of net surplus / (deficit) after taxation to net cash flows provided from operating activities

	2020	2019
	$	$
Net surplus / (deficit) after tax	505,478	1,236,341
Add: Non-cash items		
Amortisation	143,084	174,648
Depreciation	545,765	577,343
Depreciation on ROU asset	630,329	-
Deferred tax asset	26,855	32,928
Deferred tax asset – IFRS 15 adjustment to retained earnings	-	(560,707)
Loss on disposal of property, plant and equipment	7,327	73,477
Unrealised exchange loss / (gain)	(142,892)	(40,791)
IFRS 16 Adjustment to retained earnings	56,000	-
IFRS 15 Adjustment to retained earnings	-	(1,441,188)
Provision for Doubtful Debts	-	31,709
	1,266,468	**(1,152,581)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

27) Reconciliation of net surplus / (deficit) after taxation to net cash flows provided from operating activities (continued)

	2020	2019
Add: Items classified as investing or financing activities		
Gain on sale of assets	(11,250)	(7,576)
Add: Working capital movements		
(Increase) / decrease in trade and other receivables	50,191	41,282
(Increase) / decrease in inventories	56,401	457,230
(Decrease) / increase in taxation payable	(336,339)	(296,637)
Increase / (decrease) in accounts payable and accruals, provisions and contract liability	(199,243)	1,910,622
	(428,990)	2,112,497
Net cash flows provided from operating activities	**1,331,706**	**2,188,681**

28) Segment reporting

Operating Segments

The Group operates in four operating segments; these operating segments have been divided into the following geographical regions, New Zealand, Australia, USA and the Middle East. All the segment's operations are made up of franchising fees, royalties and sales to franchisees. The segments are in the business of Franchise Systems - Gourmet Burger Restaurants. New Zealand's segment result is also due to the amortisation of intangible assets.

The amounts provided to the Board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

28) Segment reporting (continued)

2020	New Zealand	Australia	Middle East	USA	Consolidated
	$	$	$	$	$
Revenue					
Sales	8,324,238	-	89,253	-	**8,413,491**
Royalties	4,876,942	-	791,785	15,498	**5,684,225**
Franchising fees	316,234	-	46,543	13,077	**375,854**
Training fees	110,000	-	-	-	**110,000**
Property management fees	53,000	-	-	-	**53,000**
Advertising fees	3,581,227	-	143,941	-	**3,725,168**
Foreign exchange gain	(74,525)	(17,095)	(11,485)	245,997	**142,892**
Sundry income	1,694,215	1,937	65,243	79,711	**1,841,106**
Interest received	67,076	1,009	834	44,304	**113,223**
Interest Leases	1,410,421	-	-	-	**1,410,421**
Total Revenue	**20,358,828**	**(14,149)**	**1,126,114**	**398,587**	**21,869,380**
Interest Expense	214	40	-	91	**345**
Interest Expense Leases Occupied	442,632	-	-	-	**442,632**
Interest Expense Leases non occupied	1,410,421	-	-	-	**1,410,421**
Depreciation	542,143	-	3,622	-	**545,765**
Depreciation Leases	630,329	-	-	-	**630,329**
Amortisation	143,084	-	-	-	**143,084**
Segment Result before Income Tax	(313,999)	147,473	588,948	300,951	**723,373**
Income Tax Expense	219,190	-	-	(1,295)	**217,895**
Segment Assets	44,383,022	542,381	97,178	952,651	**45,975,232**
Segment Liabilities	34,698,950	10,611	92,165	-	**34,801,726**

Acquisition of Property, Plant & Equipment & Intangible Assets.

Other	533,996	-	-	-	**533,996**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

28) Segment reporting (continued)

2019	New Zealand	Australia	Middle East	USA	Consolidated
	$	$	$	$	$
Revenue					
Sales	8,592,548	-	95,282	-	**8,687,830**
Royalties	4,872,084	-	1,064,777	1,339	**5,938,200**
Franchising fees	300,186	-	48,217	13,077	**361,480**
Training fees	30,000	-	-	-	**30,000**
Property management fees	55,000	-	-	-	**55,000**
Advertising fees	3,640,806	-	213,880	-	**3,854,686**
Foreign exchange gain	(52,884)	(24,053)	29	117,699	**40,791**
Sundry income	1,341,460	80,169	-	510,299	**1,931,928**
Interest received	86,185	1,067	-	40,499	**127,751**
Total Revenue	**18,865,385**	**57,183**	**1,422,185**	**682,913**	**21,027,666**
Interest Expense	10,087	838	-	-	**10,925**
Depreciation	572,522	-	4,821	-	**577,343**
Amortisation	174,648	-	-	-	**174,648**
Segment Result before Income Tax	1,042,405	51,669	663,002	98,703	**1,855,779**
Income Tax Expense	617,956	-	-	1,482	**619,438**
Segment Assets	13,749,506	372,1111	120,059	874,998	**15,116,674**
Segment Liabilities	4,017,543	-	62,370	38,276	**4,118,189**

Acquisition of Property, Plant & Equipment & Intangible Assets.

Other	1,063,470	-	-	-	**1,063,470**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

29) Subsequent events

COVID-19 Pandemic

The Group earns revenue from their franchisees, company owned stores and their sauce manufacturing operation. The COVID-19 pandemic and responses inhibited general activity and confidence levels within the community, the economy and the operations of the Group's business. When the country went into Alert level 4 lockdown on the 26th March 2020 all stores in NZ closed, as did the US. The MENA region closed some stores and ran limited services in others. The NZ stores reopened in Level 3 on the 28th April 2020 with limited services, providing click and collect, kerbside pickup and delivery services in some stores. The US store remains closed.

While the impact of COVID-19 remains uncertain as at the date of signing these financial statements, the Group continues to monitor developments and will initiate plans to mitigate adverse impacts and maximise opportunities.

In response to the COVID-19 pandemic, management has:

- Implemented appropriate health and safety responses to ensure the continuity of its business operations under each of the Alert Levels, whilst complying with the applicable public health and social measures for that level.
- Implemented measures to reduce operating costs and capital expenditures (where applicable deferring nonessential capital projects).
- Applied for the COVID-19 'Wage Subsidy Scheme' developed by the New Zealand Government, which is available to certain New Zealand businesses that are adversely affected by the COVID-19 pandemic. The Group received a total of $744,516 across 8 subsidiary companies, with $488,887 of this amount received in the FY20 financial year, thus impacting our cash position as at 31 March 2020. The remainder of the $744,516 was received in FY21. This wage subsidy will be taken to the Statement of Comprehensive Income as other income, and allocated over 12 weeks from the 1 April 2020, thus increasing the Group's FY21 revenue by $744,516.
- Approached landlords for rent relief during the lockdown periods. The group received rent relief on all occupied sites ($52,133) and the franchise system also received short-term rent relief packages which was passed on to the franchisees. This rent relief occurred in FY21 from 1 April 2020.

These financial statements have been prepared based upon conditions existing at the end of the reporting period, 31 March 2020, and considering those events occurring subsequent to that date, up to the date of the signing of these financial statements (31 July 2020), that provide evidence of conditions that existed at the end of the reporting period As the outbreak of COVID-19 pandemic occurred before 31 March 2020, its impacts are considered an event that is indicative of conditions that arose prior to reporting period. Accordingly, as at the date of the signing of these financial statements, all reasonably known and available information with respect to the COVID-19 pandemic, has been taken into consideration and all reasonably determinable adjustments have been made in preparing these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

30) Net tangible asset per share

The net tangible asset per share is calculated by dividing the net tangible assets of the Group by the total number of ordinary shares in issue during the year.

	2020	2019
	$	$
Assets	15,390,075	15,116,674
Current lease receivable non-occupied - IFRS16	1,518,310	-
Right of use assets - IFRS16	7,828,007	-
Non-current lease receivable non-occupied - IFRS16	21,238,840	-
Total Assets	45,975,232	15,116,674
Liabilities	(3,985,223)	(4,118,189)
Lease Liabilities	(8,059,353)	-
Lease Liabilities - non-occupied	(22,757,150)	-
Total Liabilities	(34,801,726)	(4,118,189)
Net Assets	11,173,506	10,998,485
Less Intangible Assets	(3,110,549)	(3,260,747)
Net Tangible Assets	**8,062,957**	**7,737,738**
Total ordinary shares on issue	53,670,195	54,383,142
Net Tangible Assets per share		
($ per Share)	0.15	0.14

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 MARCH 2020

Remuneration of Directors

	2020 12 Months	2019 12 Months
	$	$
Peter Brook	70,000	70,000
Josef Roberts	667,012	635,250
Alan Dunn	50,000	50,000

Remuneration of Employees (Excluding Executive Directors)

	2020 12 Months Number of Employees	2019 12 Months Number of Employees
$100,000-$110,000	5	5
$110,000-$120,000	-	3
$120,000-$130,000	3	-
$130,000-$140,000	-	1
$140,000-$150,000	1	3
$150,000-$160,000	1	-
$170,000-$180,000	-	1
$200,000-$210,000	1	1
$220,000-$230,000	-	-
$230,000-$240,000	-	1
$240,000-$250,000	-	1
$250,000-$260,000	1	1
$290,000-$300,000	1	-

Statement of Directors and Officers Interests

Directors and Officers held the following equity securities in the Company:

	Beneficially held at 31/03/20	Non-beneficially held at 31/03/20	Beneficially held at 31/03/19	Non-beneficially held at 31/03/19
Peter Brook	336,596	-	336,596	-
Josef Roberts	33,376,335	-	33,376,335	-
Alan Dunn	324,656	-	324,656	-
Tyrone Foley (Officer)	14,874	-	14,874	-
Mark Piet (Officer)	21,667	-	21,667	-

There were no share transactions with the Directors and Officers during the year.

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 MARCH 2020

Substantial Security Holders

The following information is given pursuant to section 293 of the Financial Markets Conduct Act 2013. As at 31 March 2020, details of the Substantial Security Holders in the company and their relevant interests in the company's shares are as follows:

Substantial Security Holder	Number of Voting Securities	%
Mason Roberts Holdings Limited	39,962,644	74.46%
E&P Foundation Trustee Limited	2,747,138	5.12%

The total number of voting securities of the Company on issue at 31 March 2020 was 53,670,195 fully paid ordinary shares.

Twenty Largest Security Holders as at 31 March 2020

Shareholder	Number of Shares	%
MASON ROBERTS HOLDINGS LIMITED	39,962,644	74.5%
E & P FOUNDATION TRUSTEE LIMITED	2,747,138	5.1%
NATIONAL NOMINEES LIMITED	1,869,393	3.5%
CUSTODIAL SERVICES LIMITED	692,370	1.3%
JBWERE (NZ) NOMINEES LIMITED	369,296	0.7%
PETER CLYNTON BROOK	336,596	0.6%
CARTALLEN TRUSTEE LIMITED	326,513	0.6%
TRUMPETER TRUSTEES (2007) LIMITED	324,656	0.6%
ASB NOMINEES LIMITED	200,000	0.4%
BRIAN KELLY LIMITED	175,000	0.3%
NEW ZEALAND DEPOSITORY NOMINEE LIMITED	165,677	0.3%
LAPHROAIG TRUSTEE COMPANY (NZ) LIMITED	163,969	0.3%
STERLING NOMINEES LIMITED	150,292	0.3%
BRAD WILLIAM MCFARLANE	79,981	0.2%
ROBERT WALLACE MONTGOMERY DOWLER + ROSEMARY ELIZABETH DOWLER	75,000	0.1%
MATTHEW JAMES PRINGLE	75,000	0.1%
EVCO CONSULTANCY LIMITED	70,000	0.1%
FORSYTH BARR CUSTODIANS LIMITED	66,250	0.1%
INVESTMENT CUSTODIAL SERVICES LIMITED	65,500	0.1%
JONATHAN LAURIE BUCKLEY	57,915	0.1%
	47,973,190	**89.3%**

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 MARCH 2020

Domicile of Security Holdings

Location	Holders	Units	Units %
New Zealand	2,328	53,334,837	99.4%
Australia	84	155,760	0.3%
United Kingdom	17	64,290	0.1%
United Arab Emirates	4	49,017	0.1%
U.S.A.	14	43,333	0.1%
Canada	4	5,058	0.0%
Singapore	1	3,500	0.0%
Austria	1	2,000	0.0%
China	1	2,000	0.0%
France	1	2,000	0.0%
Ireland	1	1,600	0.0%
Germany	1	1,500	0.0%
Hong Kong	1	1,000	0.0%
Norway	1	1,000	0.0%
Reunion	1	1,000	0.0%
Taiwan	1	1,000	0.0%
South Africa	1	1,000	0.0%
Switzerland	1	300	0.0%
	2,463	**53,670,195**	**100.0%**

Spread of Security Holders

Shareholding Size	Number of Holders	Total Shares Held	%
1 - 499	200	59,165	0.1%
500 - 999	164	108,003	0.2%
1,000 - 1,999	1,339	1,475,640	2.8%
2,000 - 4,999	492	1,240,089	2.3%
5,000 - 9,999	132	769,066	1.4%
10,000 - 49,999	119	1,987,621	3.7%
50,000 - 99,999	8	547,067	1.0%
100,000 - 499,999	9	2,211,999	4.1%
500,000 - 999,999	1	692,370	1.3%
1,000,000 Over	3	44,579,175	83.1%
	2,467	**53,670,195**	**100.0%**

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 MARCH 2020

The Board of Directors is responsible for the corporate governance of the Group. "Corporate Governance" involves the direction and control of the business by the Directors and the accountability of Directors to shareholders and other stakeholders for the performance of the Group and compliance with applicable laws and standards.

Role of the Board

The Board is elected by the Shareholders of the Company. A Director must not hold office (without re-election) past the third annual meeting following the Directors appointment or 3 years, whichever is longer. The Directors to retire are those who wish to retire, or those who have been longest in office since last being elected.

The Board of Directors is responsible for the overall direction of Burger Fuel Group Limited's business and affairs on behalf of all shareholders. The Board's key role is to ensure that corporate management is continuously and effectively striving for above-average performance, taking account of risk.

The Board:

- Establishes the objectives of Burger Fuel Group Limited;
- Approves major strategies for achieving these objectives;
- Oversees risk management and compliance;
- Sets in place the policy framework within which BurgerFuel operates; and
- Monitors management performance against this background.

The Board has delegated the day-to-day leadership and management of the Group to the Group Chief Executive Officer and the Chief Operating Officer.

The Board monitors financial results and compares them to annual plans and forecasts / budgets on a regular basis, and on a quarterly basis reviews the Group's performance against its strategic planning objectives.

Board size and Composition

The size and composition of the Board is determined by the Company's constitution. As at 31 March 2020, there were three Directors, a Chief Operating Officer, and a Chief Financial Officer / Company Secretary. The Chairman of the Board and the Chairman of the Audit Committee are non-executive and independent of the role of the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

Directors and Officers diversity

NZX listed issuers are required to report quantitative data on the gender breakdown of Directors and Officers at the financial year end. The policy behind the rule is to provide information to allow investors to maintain an informed view of diversity as a factor relevant to an Issuer's expected performance.

	2020		2019	
	Male	Female	Male	Female
Directors	3	-	3	-
Executive / Leadership Team	7	2	10	2

Audit Committee

(i) Risk Management

The Audit Committee is required to establish a framework of internal control mechanisms to ensure proper management of the Group's affairs and that key business and financial risks are identified and controls and procedures are in place to effectively manage those risks. The Audit Committee is accountable to the Board for the recommendation of the external auditors, directing and monitoring the audit function and reviewing the adequacy and quality of the annual audit process.

(ii) Additional Assurance

The Committee provides the Board with additional assurance regarding the accuracy of financial information for inclusion in the Group's annual report, including the financial statements. The Committee is also responsible for ensuring that Burger Fuel Group Limited has an effective internal control framework. These controls include the safeguarding of assets, maintaining proper accounting records, complying with legislation, including resource management and health and safety issues, ensuring the reliability of financial information and assessing and overviewing business risk. The Committee also deals with governmental and New Zealand Stock Exchange requirements.

(iii) Share Trading Policy

The Company has adopted a formal Securities Trading Policy ("Policy") to address insider trading requirements.

The Policy is modelled on the Listed Companies Association Securities Trading Policy and Guidelines and is administered by the Audit Committee and restricts share trading in a number of ways.

(iv) Insurance and Indemnification

Burger Fuel Group Limited provides indemnity insurance cover to directors, officers and employees of the Group except where there is conduct involving a wilful breach of duty, improper use of inside information or criminality.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 MARCH 2020

Directors & Officers Board & Audit Committee Attendance Record

Directors	Board Meetings	Audit Committee Meetings
Peter Brook (Chair)	5	3
Josef Roberts	5	3
Alan Dunn	5	3
Officers		
Tyrone Foley (Chief Operating Officer)	5	3
Mark Piet (Chief Financial Officer / Company Secretary)	5	3

Constitution

A full copy of the Company's constitution is available on the Company's website (www.burgerfuel.com).

Board Remuneration

Directors are entitled to Directors' fees, reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as Directors.

Peter Brook, the Chairman, receives an annual fee of $70,000 and Alan Dunn the independent, non-executive Director receives an annual fee of $50,000. The Company Secretary attends to all company secretarial and corporate governance matters.

Conflict of Interest

The Board has guidelines dealing with the disclosure of interests by Directors and the participation and voting at Board meetings where any such interests are discussed. The Group maintains an interests register in which particulars of certain transactions and matters involving Directors must be recorded.

COMPANY DIRECTORY

FOR THE YEAR ENDED 31 MARCH 2020

Registered Office
Grant Thornton New Zealand Limited
152 Fanshawe Street
Auckland 1011

Company Number
1947191

Date of Incorporation
14 June 2007

Directors
Peter Brook - Chairman (Independent)
Alan Dunn (Independent)
Josef Roberts (Executive)

Board Executives
Tyrone Foley (Chief Operating Officer)
Mark Piet (Chief Financial Officer / Company Secretary)

Business Headquarters
66 Surrey Crescent
Grey Lynn
Auckland 1021

Auditor
Baker Tilly Staples Rodway
Level 9, Tower Centre
45 Queen Street
Auckland 1010

Accountant
Grant Thornton New Zealand Limited
Level 4
152 Fanshawe Street
Auckland 1011

Bridgepoint Group Accounting Pty Ltd
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CBA Bank Limited (Australia)
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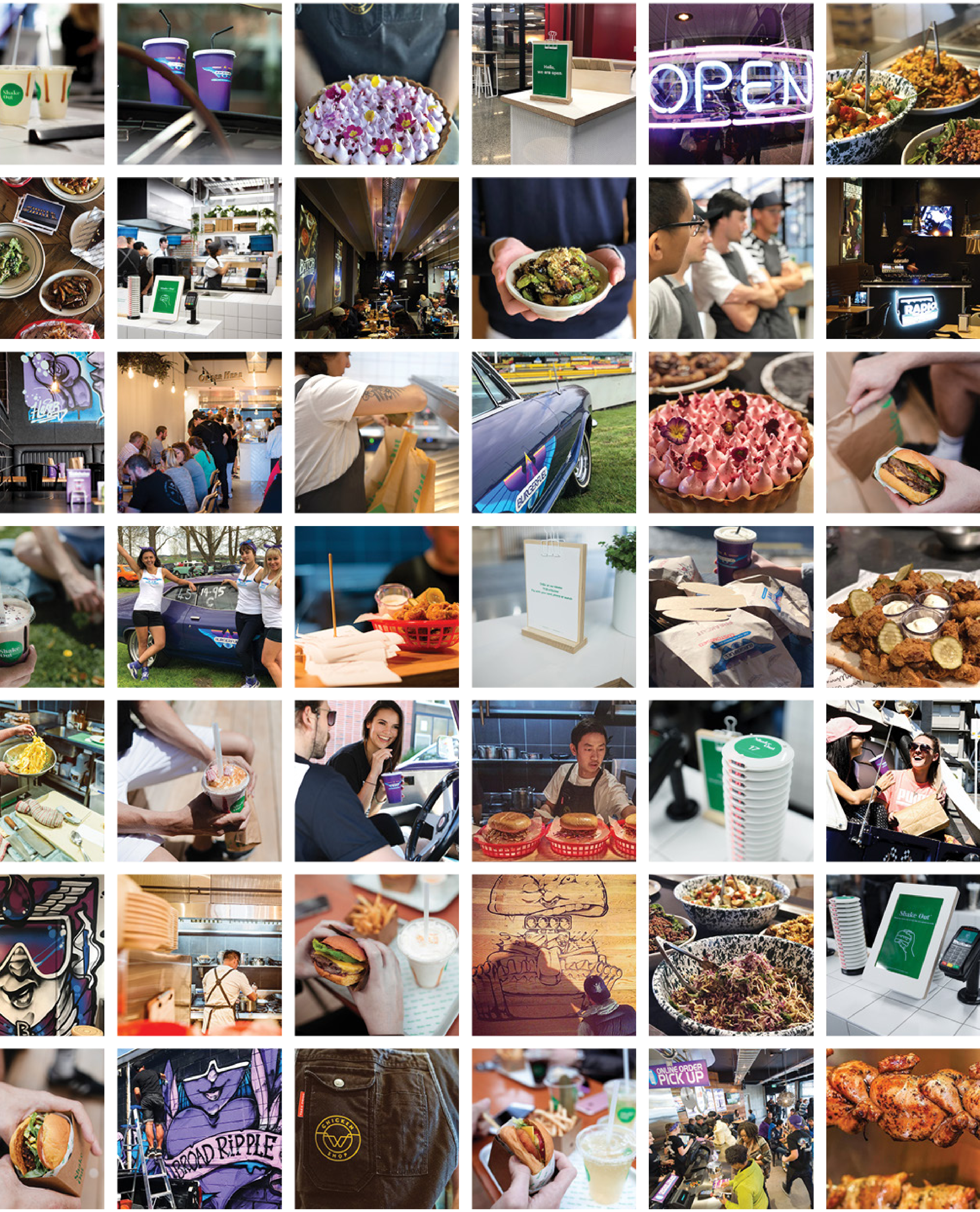

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