

A photograph of three young women smiling and posing for a photo outdoors. The woman on the left is wearing a light pink t-shirt with the word 'TIALS' visible. The woman in the middle is wearing a blue patterned top and a yellow necklace. The woman on the right is wearing a white t-shirt and has a white flower in her hair. The background is a bright blue sky with some greenery.

ANNUAL

REPORT



2023

FREE BIRD INSTITUTE LTD



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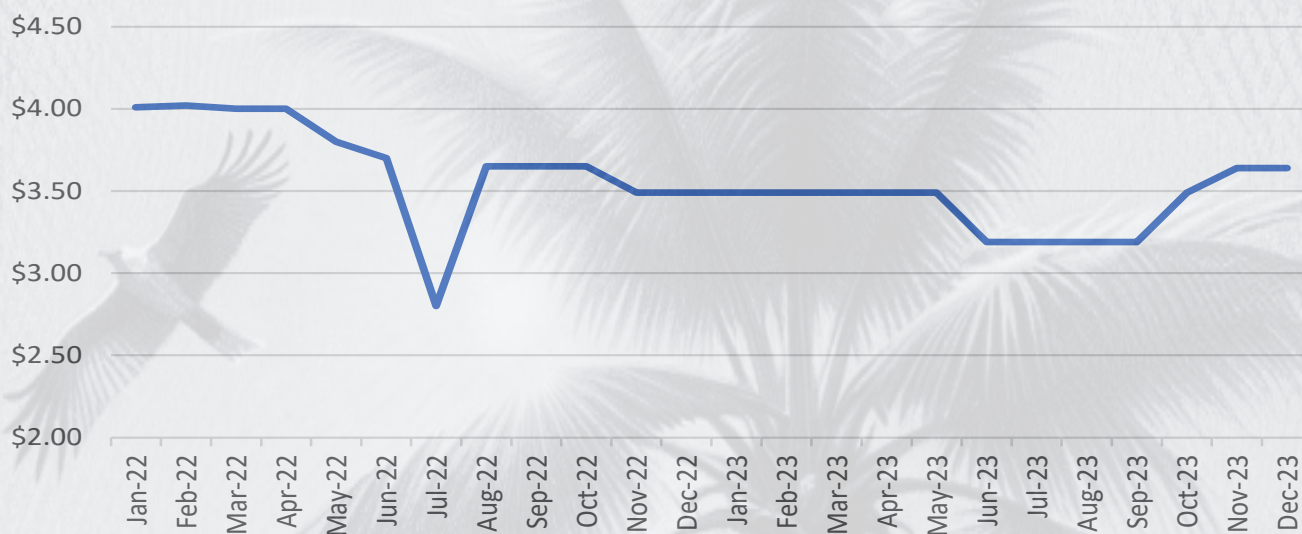


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Key Highlights

Share Price between 2022 to 2023



Total Revenue

Increase by \$404,k from prior year



Profit before Taxes

Increase by \$237,k from prior year



Dividends

Total Dividend payout of \$286,250 was paid out as dividend with a return on investment of 3.44%

\$0.12/share

Total Assets

Increase by \$722,k from prior year



Net Assets

Increase by \$417,k from prior year

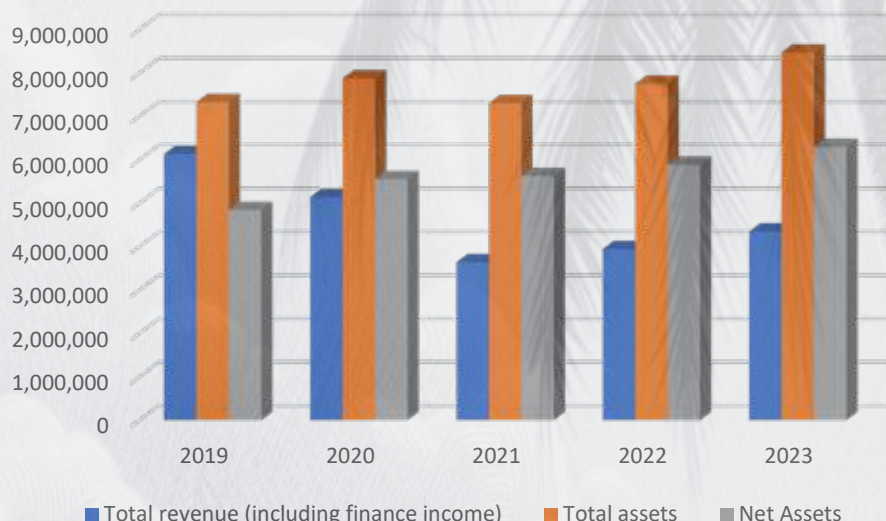




Five Year Historical Information

	2023	2022	2021	2020	2019
Total revenue (including finance income)	4,343,023	3,938,771	3,635,211	5,134,551	6,126,899
Net profit before tax	818,102	553,739	452,952	792,158	719,591
Net profit before tax % margin	19%	14%	12%	15%	12%
Cash and cash equivalent as a % of total assets	5%	19%	37%	22%	22%
Cash and cash equivalent as a % of total liabilities	21%	79%	162%	76%	64%
Working capital ratio	5.89%	6.67	6.85	4.43	3.58
Net asset per share	2.64	2.46	2.37	2.77	2.42
Debt to equity ratio	0.35	0.32	0.30	0.42	0.51
Earnings per share (cents)	29.49	21.19	17.27	35.52	31.95
Closing share price as at 31 December	3.64	3.49	4.02	3.20	3.00
Current assets	5,408,712	4,720,124	4,267,271	4,764,097	4,112,975
Non current assets	3,058,262	3,025,295	3,033,758	3,106,214	3,213,277
Total assets	8,466,974	7,745,419	7,301,029	7,870,311	7,326,252
Current liabilities	917,736	707,601	622,795	1,076,050	1,148,390
Non-current liabilities	1,256,688	1,162,581	1,058,665	1,244,473	1,338,461
Total liabilities	2,174,424	1,870,182	1,681,460	2,320,523	2,486,851
Shareholders' equity	6,292,550	5,875,237	5,619,569	5,549,788	4,839,401

Total revenue, Assets and nets assets for the past 5 years



Before the onset of COVID-19, it was not unusual for our annual revenue to reach \$6 million, as evidenced in 2019. In 2020, operations were limited to just a few months due to the pandemic, yet we were still able to generate approximately \$1.5 million from private charter flights and recruitment services. The full impact of the pandemic became apparent in 2021, when our revenue fell dramatically to \$3.6 million. By 2023, however, we have begun to gradually recover, approaching the revenue levels previously seen before the pandemic.

Regarding our total assets, they have consistently exceeded \$7 million over the past five years. Despite a significant dividend declaration of \$1.5 million in 2021—the highest in the company's history—the total assets remained above \$7 million. In the current year, our total assets have surpassed the \$8 million threshold, due to innovative capital projects undertaken by the company and a reassessment of our Right of Use assets.

The Company's net assets have consistently increased over the past five years, surpassing \$6 million for the first time in its history.

Ultimately, due to the company's effective management of expenses and an increase in revenue, the net profit before tax margin has risen to 19%, marking the highest level in the last five years.



Executive Chairman's Report



Dear Shareholder,

I am delighted to present to you our Annual Report for the year 2023, marking another year of substantial growth and profitability for our company.

This past year has been characterized by both unique challenges and exciting opportunities, and our team has successfully navigated these to enhance shareholder value significantly.

Performance Highlights

We achieved a 10% increase in total revenue, reaching \$4.3 million, up from \$3.9 million in the previous year. This accomplishment is attributable to the extraordinary efforts of our marketing team, our dedicated educators, and our back-office staff who have all contributed significantly to providing an enriching educational experience for our students in Fiji.

In 2023, we welcomed 735 new students to our schools, a notable increase from the previous year of 512 students. We were particularly thrilled to host 72 students from a Salesian High School in Japan and 17 students from New Caledonia, who spent a week with us. Their mornings were dedicated to studies while their afternoons were spent exploring the beautiful scenery of Fiji. These cultural exchanges not only enriched our students' experiences but also supported local communities through the provision of additional income from

entertainment fees and handicraft sales.

To optimize our personnel costs, the company strategically restructured the operations at our campuses. We streamlined our educational offerings by designating the Namaka Campus exclusively for lower-level classes, while the Lautoka Campus now focuses solely on higher-level classes. Previously, both campuses offered a range of classes across all levels. This consolidation has allowed us to reduce the number of educators needed at each location, leading to a more efficient allocation of resources and a significant reduction in personnel expenditures by 11%. This change has been instrumental in enhancing our operational efficiency and financial health.

During the pandemic, we opened a local restaurant in Lautoka to sustain our revenue streams. However, in June 2023, we decided to cease its operations to refocus on our core educational services. We relocated the restaurant to our school campuses to continue serving our students, particularly our popular handmade Udon noodles. This move not only catered to our students' preferences but also led to financial gains from the Udon sales.

Our expectations for an improvement in the value of the Japanese yen in 2023 were not realized due to persistently low interest rates in Japan. This low valuation of the yen has rendered the cost of studying abroad comparatively expensive. Consequently, we have had to re-evaluate some of our costing strategies to ensure that we do not lose our market position due to the prohibitive expenses associated with studying abroad.

Conversely, the significant depreciation of the Japanese yen has rendered our competitors in the Philippines and the United States more expensive compared to Fiji. We have taken advantage of this situation to enhance our competitive edge in the market.





Our financial strategy has been robust, with controlled expenditures leading to a 48% increase in our net profit before taxes, which stood at \$818,102, up from \$553,739. After accommodating an increase in corporate income tax rates from 10% to 15%, we recorded a net profit after taxes of \$703,563, marking a 39% increase from the previous year.

Returns to our shareholder

In line with our commitment to delivering shareholder value, we declared dividends of \$0.12 per share for 2023, consistent with the previous year, representing a 3.44% return on investment. The Board and Management continue to work closely to ensure that our dividends are both sustainable and competitive.

Forward Looking

Looking to the future, I am optimistic about the prospects for 2024.

We are poised to enter the Chinese market and have established a dedicated Chinese Marketing team based in Japan.

We also anticipate that the successful relationships forged with our Pacific Island neighbours will facilitate the introduction of more attractive products and services to these markets.

In our ongoing commitment to excellence, this year we are dedicated to enhancing the quality of our services by sponsoring our teachers for advanced studies in the field of English language education. This initiative is designed to ensure that our service delivery meets the highest standards of educational excellence.

As part of our commitment to social responsibility within the community, we will be sponsoring selected students in Nadi/Lautoka who are interested in pursuing a Diploma in Teaching.

We are committed to maintaining our

competitive edge by implementing innovative strategies, investing in advanced technology, and cultivating a positive corporate culture. Our focus remains on sustainable growth and continuous improvement.

Thank you for your continued trust and support. We are excited about what we can achieve together in the upcoming year.

Warm regards,

Hiroshi Taniguchi.

Key Operational Update



In 2019, the company initiated a Japanese Language School program to facilitate employment opportunities for Fijians with our Japanese business partners. This program was temporarily suspended due to the pandemic. However, on April 7, 2024, we successfully sent the final group of Fijians to Japan. The program has allowed us to send 12 Fijians to Japan for employment.

The restaurant was established in 2021 as a strategic response to the pandemic, enabling the company to maintain local revenue generation while international borders were closed. With the pandemic now over, the company has decided to refocus on its primary mission of providing educational services. During its operation, the restaurant played a critical role by serving meals to quarantined students and generating approximately \$270,000 over two years.

In October 2023, we received our first inquiry from a group in New Caledonia. This group included high school students, their teachers, and guardians. The students were afforded the opportunity to experience life with Fijian homestay families, while the adults were accommodated in our dormitory facilities.



Board of Directors



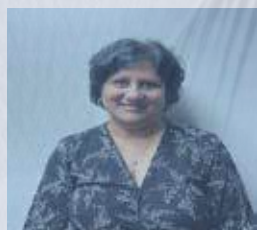
Hiroshi Taniguchi
Executive Chairman

Hiroshi, the founder of FBL and its parent company SPFB in Japan, currently serves as the Chief Executive Officer and Executive Chair in both organizations. With a diverse background in various business sectors in Asia, he made the strategic decision to invest in Fiji and relocated there in 2006. Additionally, his extensive experience in the industry has equipped him with valuable insights and knowledge that have contributed to the success of the company.



Takumi Kawai
Independent Director

Takumi is the Founding Partner of Misono Sogo Advisory, llc; a company that specializes in providing comprehensive management and governance advice to Japanese companies. Alongside this, he also serves as a partner for Iris, a highly reputable HR company in Japan. With an extensive background in business, Takumi has been appointed as the Director and COO for Patent Valuation Advisory, inc. where he oversees the day-to-day operations and provides invaluable insights and guidance to the team.



Rina Kumar
Independent Director

Rina, possessing a Master's in Education from the University of Southern Queensland and a Bachelor's in the same field from the University of the South Pacific, brings over a decade of educational expertise from her tenure at Fiji National University. Her teaching experience at the University of the South Pacific further deepens her insight into the region's educational sector.



Yoko Nameki
Non- Executive Director

With over 15 years of experience in Japan's education sector, Yoko earned her Bachelor's Degree in Business Management from Fort Hays State University in the USA. She offers the Board strategic insights into the changing trends of study abroad programs for the Japanese market. Yoko was instrumental in launching the Group's High School department, working closely with stakeholders for its effective integration and operation.



Roqiqi Korodrau
Company Secretary/CFO

Since 2018, Roqiqi has served as the Company Secretary and concurrently as the Finance Manager until 2020 when he was promoted to Chief Financial Officer. With a rich background in finance spanning over a decade, his expertise has been honed at notable firms like Ernst & Young and in roles such as Finance Manager within the Cook Islands' hospitality sector. Before stepping into his CFO role, Roqiqi showcased his financial prowess and leadership as a Finance Manager for more than four years. He holds a Bachelor's of Commerce Degree in Accounting and Information System from the University of the South Pacific.



Corporate Governance Statement

This report is structured on the principles of Corporate Governance set out in the Annual Compliance Report on Corporate Governance issued by the South Pacific Stock Exchange ("SPX") in 2019.

Principle	Requirement	Compliance Status
1. Establish clear responsibilities for board oversight	Separation of duties: Clear separation of duties between Board and Senior Management.	<p>The Board is the focal point of corporate governance in the Company, responsible for setting and reviewing the strategic plan and direction of the Company and provides an oversight role with Management to ensure that such plans are being implemented. Such strategic plans also include the management of risks associated with the Company and ensure that proper safeguards are put in place to minimise or mitigate such risks.</p> <p>The Board shall assume ultimate accountability and responsibility for the performance and affairs of the Company and shall in doing so, effectively represent and promote the legitimate interests of the Company, its shareholders and other relevant stakeholders.</p> <p>The Board delegates and oversees management responsibilities.</p>
	Board Charter: Adopt a Board charter detailing functions and responsibilities of the Board.	<p>The Board has a Charter which sets out the roles, functions, obligations, rights, responsibilities and powers of the Board.</p> <p>It also highlights the policies and practices of the Board in respect of its duties, functions and responsibilities to ensure that the creation, protection and enhancement of shareholder value.</p>
2. Constitute an effective Board	Board Composition: Balanced Board Composition with Executive and Non-Executive directors of which 1/3rd of total number of directors to be independent directors.	<p>The Board composition is structured to add value to the business and promote the best interest of the Company, its shareholders and the relevant stakeholders at large. Thus, the composition must have an appropriate balance of skills, knowledge, experience, independence and diversity to enable the Board to carry out its duties and responsibilities collectively and with a broader perspective.</p> <p>The Board continues to ensure that majority of its members remain non-Executive and remain committed to ensuring that one-third of its members are Independent Non-Executives. The Board promotes that all Directors, whether independent or not, are required to bring independent judgment to bear on Board decisions to ensure an objective decision is exercised so that the Company interests and shareholder interests are placed ahead of all other interests.</p> <p>FBL currently has 50% of its directors who are independent. Each board member also possesses the necessary skill and expertise that it believes is best suited for the business in which it operates.</p>
	Gender Diversity: Do you have a policy for promoting gender diversity at Board level and have you achieved your policy goals?	<p>The gender diversity recommendation is inclusive in the Board's charter where the Board must take into consideration an adequate gender mix in its composition where preferably not less than one third of the Board shall be female. Currently, 50% of the current Board are women.</p>
	Nomination Committee: Selection, approval, renewal, and succession of Directors to be conducted by Nomination Committee in accordance with Articles of Association of the Company and Fit and Proper Policy of Reserve Bank.	<p>While FBL does not have a Nomination Committee, all appointments and election of directors are confirmed at the Annual General Meeting done each year.</p>
	Board Evaluation: Process of evaluation of performance of the Board, its Committees and individual directors. Evaluation to be linked to key performance indicators of the listed entity.	<p>Whilst the Board charter includes a brief guide into the evaluation of its members including the Company Secretary, the Board is looking to implement a more detailed policy to provide specific guidelines to the evaluation of the Board and its members.</p> <p>The Board looks at implementing this policy in the near future.</p>

Principle	Requirement	Compliance Status
2. Constitute an effective Board (cont'd)	Directors Training: Directors' training and induction procedure to be in place to allow new directors to participate fully and effectively.	Inclusive in its Board Charter, new Board members shall participate in an induction program that is tailored to effectively orient the member of the Company's business, strategy, objective, policies, procedures, operations, senior management, and the business environment. The Company supports on-going training for its Directors and as such invites Directors to the various trainings provided externally where necessary. The Company also ensure that the Directors have the suitable mix of skills, experience, and expertise to carry out its roles and responsibilities.
	Board Sub-committees: Board must have sub-committees which must at a minimum include - ✓ Audit Committee; ✓ Risk Management Committee; and ✓ Nomination/Recruitment Committee	Given the current composition of FBL's Board of Directors, which consists of only five members, all decisions related to audit, risk, nomination, and recruitment matters are made by the Board as a whole. However, FBL has plans in place to establish sub-committees in the near future to ensure more effective oversight and governance of these critical functions.
3. Appointment of Chief Executive Officer/Managing Director	CEO: To appoint a suitably qualified and competent Chief Executive Officer/Managing Director	The CEO is appointed by the Board and the remuneration of the CEO is decided and approved by the Board. The CEO is responsible for the day-to-day management of the Company with all powers, discretions and delegations authorised, from time to time, by the Board.
4. Appointment of a Board and Company Secretary	Company Secretary: Board to appoint a suitably qualified and competent Company Secretary, who is accountable to the Board, through Chair, for all compliance and governance issues.	The Company secretary is the administrative link between the Board and Management and is responsible for ensuring compliance to company activities and is accountable directly to the Board through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary also monitors statutory and administrative requirements for the Board to ensure the accuracy and timeliness of reporting under these requirements. The Board has appointed a qualified and suitable candidate to the role of Company Secretary.
5. Timely and balanced disclosure	Annual Reports: Timely and accurate disclosures are made in Annual reports as per Rule 51 of Listing Rules.	Material information is publicly disclosed immediately via market announcements by the Company. The Company also ensures timely and accurate disclosures are made in the Annual Reports as per Rule 51 of Listing Rules.
	Payment to Directors and Senior management: Sufficient information to be provided to shareholders on remuneration paid to Directors and Senior management. Continuous Disclosure: General disclosures or company announcements to be made in a timely manner. The disclosures should be factual without omitting material information and to be expressed in a clear and objective manner to shareholders.	All transactions with all related parties are disclosed in the notes to the financial statements each year. FBL is committed to ensuring that transparent and consistent communication with all its members and relevant stakeholders are made on a timely and orderly manner to guarantee a more informed market when trading its shares. This includes any financial and non-financial information that the Company deems material and the Board is devoted to ensure that it complies with all the continuous listing requirements at all times. FBL proactively communicates such information through the SPX and its website so that all stakeholders are able to get access to this information. In addition to this, the company releases on an annual basis its audited accounts at the end of the financial year as well as its Annual Report. The company's compliance officer also ensures that all statutory filings are made on a timely basis.

Principle	Requirement	Compliance Status
6. Promote ethical and responsible decision-making	Code of Conduct: To establish a minimum Code of Conduct of the listed entity applicable to directors, senior management and employees and conduct regular trainings on the same.	<p>FBL promotes and believes that all its directors and employees must uphold high standards, integrity and fairness in all aspects of their employment and association with the Company. This is made possible through the internal Fit & Proper Policy which ensures that Board Directors and officers holding key positions are those that have been assessed as having and have clearly demonstrated ethical decision-making abilities.</p> <p>Included in the internal Fit & Proper Policy is a Whistle Blowing provision which gives employees and Directors the freedom to confidentially report certain instances of unethical or irresponsible behaviours to the Reserve Bank of Fiji at any time.</p> <p>The Board has also adopted an Insider Trading Policy designed to take an active role in the prevention of insider trading violations by the Board, its officers, employees and other related individuals. This imposes restrictions on trading in securities while in possession of material non-public information. As such, all covered personnel under this policy are required to obtain a pre-clearance of trades from the Compliance Officer.</p>
7. Register of Interests	Conflicts of Interest: Transactions with related parties resulting in conflict of interest are disclosed and a register is maintained for this purpose.	<p>The Company maintains a register of interest for Directors which records declarations of any business or personal interest which may conflict with their ability to objectively deliver their responsibilities as members of the Board of FBL. This declaration is made on an annual basis.</p> <p>FBL Board of Directors are not to use any information gained in the course of their duties to promote their private interests or for personal, direct or indirect gain or lay Directors open to suspicion of doing so.</p>
8. Respect the rights of shareholders	Communication with shareholders: To design communication strategy to promote effective communication with shareholders and encourage their participation. Examples: Communication through Annual Reports, Annual General Meetings, or any other means of electronic communication.	<p>In implementing this Principle, FBL ensures that all shareholders are given appropriate notice in-lieu for Annual General Meetings inclusive with the Annual Report which contains relevant information including audited financial statements. This allows for effective dialogue between shareholders, the Board and Management. Additionally, the external auditor is required to attend the AGM and is available to answer shareholder questions in relation to the audit.</p> <p>The Company has an Open-Door policy for all its shareholders should they wish to raise questions or complaints directly with the Company, so long as such matters are related to their shareholding of the Company. The Board has also subsequently developed a Grievance Redressal Mechanism policy designed to provide efficient services to investors and to effectively address and redress the grievances in a timely manner.</p> <p>FBL has transferred its Shareholders Register to Central Share Registry Pte Limited (CSRL) which shall be responsible for receiving and addressing all shareholder queries and concerns. Shareholders can access information directly through the CSR platform and are able to communicate with the Registry in terms of shareholding queries.</p>
	Website: To create and maintain a Website of the listed entity to communicate effectively with shareholders and other stakeholders. All matters of importance to be updated regularly on the Website.	<p>The Company has a website which contains all market announcements released through the SPX website. This information is updated as and when the announcements are released by SPX to ensure that all shareholders have access to this information on a timely manner. All this information can be accessed by visiting our website on www.fbi.ac.fj</p>
	Grievance Redressal Mechanism: To establish a Grievance Redressal Mechanism for Shareholders to address shareholders complaints and grievances.	<p>The Company has a Grievance Redressal Mechanism policy and is formulated to provide efficient services to the investors of FBL and effectively address and redress the grievances of these investors in a timely manner.</p>

Principle	Requirement	Compliance Status
8. Respect the rights of shareholders (cont'd)	Shareholders' Complaints: To provide the number of shareholders' complaints received and attended to during the year. Provide reasons if any complaint is unresolved or unattended.	There were no complaints received from Shareholders during the year.
	Corporate Sustainability: To adopt a business approach that creates long-term shareholder value by embracing opportunities, managing risks, maximising profits and minimising negative social, economic, and environmental impacts.	The Board ensures that its business strategies and Risk Management Frameworks are put in place to ensure the enhancement of the shareholder's value in the long-term. Such strategies ensure that profits are maximized with the most minimal impact to the society, economy and environment in which we operate in.
9. Accountability and audit	Internal Audit: To appoint an internal auditor or an alternative mechanism to achieve the objectives of risk management, control and governance.	The Board and Management have put in place controls to ensure that risks are minimal. In doing so, the Board also expects Management to provide timely and relevant financial reports monthly which allows the Board to independently verify and identify any indication of risks in its reports. This also allows for effective decisions to be made on a timely manner.
	External Audit: To appoint an external auditor who reports directly to the Board Audit Committee.	FBL is audited annually by an external auditor who report directly to the members and board of FBL. The Auditors are appointed by the shareholders at an AGM. The external auditors are required to be independent and must make a declaration as such in accordance with Section 395 of the Fiji Companies Act 2015. This declaration forms part of the Audited Financial Reports issued by FBL.
	Rotation of External Auditor: To appoint the external auditor for a fixed term requiring senior partner of the audit firm to rotate once in every three or less financial years.	The Board supports the notion to rotate the Senior partner of the audit periodically. FBL relies on the independent procedures and declarations by the external auditors to ensure that they remain independent throughout the course of the engagement.
	Audit Committee: To establish an Audit Committee comprising of at least 3 members of which majority are independent and Chair is not Chair of the Board.	The Board is intending to form an Audit & Risk Committee in the near future which will be Chaired by a Non-Executive Director as recommended by the Board Charter. At present, the external auditors present their report to the Board and highlight any material issues that needs to be addressed. All decisions are made by the Board in relation to the recommendations by the auditors and this is delegated to Management to ensuring that these recommendations are implemented.
10. Risk Management	Risk Management Policy: To establish a Risk Management Policy to address risk oversight, risk management and internal control. The Policy to clearly define the roles and responsibilities of the Board, Audit committee, management and internal audit function.	The Board is currently drafting a Risk Management Framework Policy that will provide guidance and oversight to the identification, management, and mitigation of such risks. This will be drafted by the proposed Audit & Risk Committee and hopes to have this implemented in 2024. As a result of the pandemic, the Risk Management Policy will now have to factor in the challenges and lessons learnt from the pandemic in order to minimise risk.
	Whistle Blower Policy: As part of risk management strategy, establish a Whistle Blower Policy by creating a mechanism of reporting concerns of unethical behavior, actual or suspected fraud or violation of the listed entity's code of conduct or ethics policy, SPX Rules or Companies Act.	The Company has a Whistle Blower Policy in place as it prides itself on having a strong values culture that encourages openness, integrity, and accountability. The Board is committed to fostering a culture that allows whistle-blowers to freely and without the fear of detriment, raise concerns regarding situations that they observe that concerns them.





FREE BIRD INSTITUTE LIMITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER
2023

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Free Bird Institute Limited

Directors' report

For the year ended 31 December 2023

In accordance with a resolution of the Board of Directors, the directors herewith submit the statement of financial position of Free Bird Institute Limited (the "Company") as at 31 December 2023 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

Directors

The directors of the Company during the year and at the date of this report are:

Hiroshi Taniguchi (Chairman)

Yoko Nameki

Rina Kumar

Sandeep Singh (appointed: 27/05/2023- retired: 06/09/2023)

Kawai Takumi

Masao Kaneko (retired: 27/05/2023)

State of affairs

In the opinion of the directors, the accompanying statement of financial position gives a true and fair view of the state of affairs of the Company as at 31 December 2023 and the accompanying statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows give a true and fair view of the results, changes in equity and cash flows of the Company for the year then ended.

Principal activities

The principal activities of the Company during the year were providing language learning programs, facilitating high school and other educational products to international students, assisting in the management of local students, provision of an in-house insurance scheme, in-house money exchange and a restaurant.

Results

The recorded net profit of the Company after income tax expense of \$114,539 (2022: \$48,195) for the year amounted to \$703,563 (2022: \$505,544).

Dividends

An interim dividend of \$286,250 (\$0.12/share) was declared during the year (2022: \$285,036 was declared of which \$35,160 reinvested as share acquisition).

Current assets

The directors took reasonable steps before the Company's financial statements were made out to ascertain that the current assets of the Company were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the directors are not aware of any circumstances which would render the values attributable to the current assets in the financial statements to be misleading.

Receivables

The directors took reasonable steps before the Company's financial statements were made out to ascertain that all known bad debts were written off and adequate allowance was made for impairment losses.

At the date of this report, the directors are not aware of any circumstances which would render the above assessment inadequate to any substantial extent.

Related party transactions

All related party transactions have been adequately recorded and disclosed in the financial statements.

Free Bird Institute Limited
Directors' report (continued)
For the year ended 31 December 2023

Going concern

The directors considers that the Company will continue as a going concern. The directors believe that the basis of preparation of financial statements is appropriate and the Company will be able to continue its operations for at least 12 months from the date of signing this report.

Events subsequent to balance date

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Other circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amounts stated in the financial statements to be misleading.

Directors' interests

Interests of directors and any additions thereto during the year and up to the date of this report in the ordinary shares of the Company are as follows:

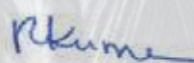
	<u>Beneficially</u>		<u>Non-beneficially</u>	
	<u>Additions</u>	<u>Holding</u>	<u>Additions</u>	<u>Holding</u>
Hiroshi Taniguchi	-	155,000	-	

Dated at Namaka, Nadi this 26th day of March 2024.

Signed in accordance with a resolution of the Directors.



Director



Director

Free Bird Institute Limited
Statement by Directors
For the year ended 31 December 2023

In the opinion of the directors of Free Bird Institute Limited:

- (a) the accompanying statement of profit or loss and other comprehensive income of the Company is drawn up so as to give a true and fair view of the results of the Company for the year ended 31 December 2023;
- (b) the accompanying statement of changes in equity of the Company is drawn up so as to give a true and fair view of the changes in equity of the Company for the year ended 31 December 2023;
- (c) the accompanying statement of financial position of the Company is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2023;
- (d) the accompanying statement of cash flows of the Company is drawn up so as to give a true and fair view of the cash flows of the Company for the year ended 31 December 2023;
- (e) at the date of this statement there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due;
- (f) all related party transactions have been adequately recorded in the books of the Company; and
- (g) the financial statements have been prepared in accordance with the Companies Act 2015.

Dated at Namaka, Nadi this 26th day of March 2024.

Signed in accordance with a resolution of the Directors.

Director

Director



21 Enamanu Road,
Nadi, Fiji
P O Box 10812, Nadi Airport

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Fax: +679 666 7282
ey.com

Auditor's Independence Declaration to the Directors of Free Bird Institute Limited

As lead auditor for the audit of Free Bird Institute Limited for the financial year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Companies Act 2015 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Free Bird Institute Limited during the financial year.

Ernst & Young
Ernst & Young
Chartered Accountants

Shaneel Nandan
Shaneel Nandan
Partner
Nadi, Fiji
26th March 2024



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Independent Auditor's Report

To the Shareholders of Free Bird Institute Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Free Bird Institute Limited ("the Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with, the Companies Act 2015 and the ethical requirements that are relevant to our audit of the financial statements in Fiji 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition – Service fees

Why significant	How our audit addressed the key audit matter
<p>The Company has a service agreement with its parent company and other agents to provide a variety of services to students studying in Fiji. The service agreements outline the service fees earned by the Company for each type of service provided to students. The service fees earned from the parent company comprise most (98%) of the Company's service revenue.</p> <p>Service fees are recognised as revenue when the Company delivers the relevant service to the student.</p>	<p>Our audit procedures to assess revenue recognition included the following:</p> <ul style="list-style-type: none"> ▶ evaluating the appropriateness of the Company's revenue recognition policies against the requirements of the accounting standards. ▶ inspecting the key terms and conditions of the contract with the parent company to assess if there were any terms and conditions that may have affected the accounting treatment of the related service fees. ▶ obtaining an understanding of the Company's processes for recognition of each major type of services fees.



Independent Auditor's Report (continued)

Key Audit Matters (continued)

Revenue recognition – Service fees (continued)

Why significant	How our audit addressed the key audit matter
<p>We identified revenue recognition related to service fees as a key audit matter due to:</p> <ul style="list-style-type: none"> ▶ the significance of the revenue amount ▶ the related party nature of the majority of this revenue ▶ the level of audit effort required to assess the various types of services provided to students, each with differing fees and attributes. We focused on assessing the nature, timing and amount of revenue recognised by the Company in accordance with accounting standard requirements. <p>Disclosures related to service fee revenue are included in Note 3(g) to the financial statements.</p>	<ul style="list-style-type: none"> ▶ performing analytical procedures on service fees by developing an expectation for each type of service using independent inputs (e.g., contracts and student arrivals) and information from the Company's student registration database and comparing such expectations with recorded revenue. ▶ recalculating service fee revenue earned from the parent company based on attendance and service information from the student registration database. ▶ selecting a sample of students from the student registration database and: <ul style="list-style-type: none"> - agreeing student details to signed application forms. - comparing the details of the services recorded as being provided and the relevant dates to those requested in the application forms. - performing testing to assess whether service fees were recognised in the correct reporting period by reference to the contract and evidence of service delivery. - obtaining evidence of the student's physical presence in the country. ▶ inspecting underlying documentation for a sample of manual journal entries impacting recorded service fees. ▶ evaluating the adequacy of the disclosures in the financial statements.

Other Matter

The financial statements of the Company for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2023.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and Directors' report. The annual report is expected to be made available to use after the date of this auditors' report.

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

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



Independent Auditor's Report (continued)

Responsibilities of the management and those charged with governance for Financial Statements

The management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the management and Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 International Standards of Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 the financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the 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 Company'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 Directors' and management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2015 in all material respects, and;

- a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and
- b) the Company has kept financial records sufficient to enable the financial statements to be prepared and audited.

Ernst & Young
Ernst & Young
Chartered Accountants

Shaneel Nandan
Shaneel Nandan
Partner
Nadi, Fiji
26th March 2024

Free Bird Institute Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

		2023	2022
	Notes	\$	\$
Revenue from contracts with customers			
Service fees	6	3,575,979	3,249,440
Restaurant	6	48,501	99,996
		<u>3,624,480</u>	<u>3,349,436</u>
Other revenue			
In-house insurance premiums	7	629,881	523,087
Other income	8	56,494	28,766
		<u>4,310,855</u>	<u>3,901,289</u>
Expenses			
In-house insurance claims	9	(27,176)	(24,814)
In-house insurance commission expense	10	(313,869)	(219,949)
Direct operating expenses	11	(1,023,597)	(921,117)
Depreciation	21 / 22	(228,244)	(213,205)
Personnel expenses	12	(1,240,769)	(1,395,269)
Other expenses	13	(507,749)	(394,864)
		<u>969,451</u>	<u>732,071</u>
Profit from operations			
Finance income	14 (a)	32,168	37,482
Finance cost	14 (b)	(183,517)	(215,814)
Net finance costs		<u>(151,349)</u>	<u>(178,332)</u>
Profit before tax		818,102	553,739
Income tax expense	15 (a)	(114,539)	(48,195)
Profit for the year		<u>703,563</u>	<u>505,544</u>
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		<u><u>703,563</u></u>	<u><u>505,544</u></u>
Earnings per share			
Basic and diluted earnings per share	28	<u>\$ 0.29</u>	<u>\$ 0.21</u>

The notes on page 32 to 62 are an integral part of these financial statements

Free Bird Institute Limited
Statement of changes in equity
For the year ended 31 December 2023

	Share capital \$	Retained Earnings \$	Equity contribution reserve \$	Total \$
Balance at 1 January 2022	3,159,671	2,204,661	255,237	5,619,569
Total comprehensive income for the year				
Profit for the year	-	505,544	-	505,544
Total comprehensive income for the year	-	505,544	-	505,544
Transactions with owners of the Company				
Contributions and distributions				
Issue of share capital - refer Note 27 (d)	35,160	-	-	35,160
Dividend declared and paid - refer Note 27 (d)	-	(285,036)	-	(285,036)
Total transactions with owners of the Company	35,160	(285,036)	-	(249,876)
Balance at 31 December 2022	3,194,831	2,425,169	255,237	5,875,237
At 1 January 2023	3,194,831	2,425,169	255,237	5,875,237
Total comprehensive income for the year				
Profit for the year	-	703,563	-	703,563
Total comprehensive income for the year	-	703,563	-	703,563
Transactions with owners of the Company				
Contributions and distributions				
Dividend declared - refer to Note 27 (d)	-	(286,250)	-	(286,250)
Total transactions with owners of the Company	-	(286,250)	-	(286,250)
Balance at 31 December 2023	3,194,831	2,842,482	255,237	6,292,550

The notes on page 32 to 62 are an integral part of these financial statements

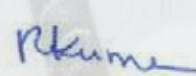
Free Bird Institute Limited
Statement of financial position
As at 31 December 2023

		2023	2022
Assets	Notes	\$	\$
Current assets			
Cash and cash equivalents	16	461,682	1,474,528
Trade and other receivables	17	4,311,243	2,547,373
Term deposits	19	591,646	591,646
Current tax assets	15 (d)	-	51,592
Prepayments	18	44,141	54,985
Total current assets		5,408,712	4,720,124
Non-current assets			
Trade and other receivables	17	80,029	84,529
Term deposits	19	24,435	24,435
Equity investments	20	21,400	21,400
Right-of-use assets	21	1,239,497	1,126,008
Property, plant and equipment	22	1,663,692	1,742,690
Deferred tax asset	15 (c)	29,209	26,233
Total non-current assets		3,058,262	3,025,295
Total assets		8,466,974	7,745,419
Liabilities			
Current liabilities			
Trade and other payables	23	216,335	163,731
Current tax liabilities	15 (d)	22,405	-
Contract liabilities	24	18,128	21,493
Payable to related parties	25	357,633	198,376
In-house insurance liabilities	26	222,849	241,912
Lease liabilities	21	67,054	68,753
Employee benefits		13,332	13,336
Total current liabilities		917,736	707,601
Non-current liabilities			
Lease liabilities	21	1,256,688	1,162,581
Total non-current liabilities		1,256,688	1,162,581
Total liabilities		2,174,424	1,870,182
Shareholders' equity			
Share capital	27 (b)	3,194,831	3,194,831
Retained earnings		2,842,482	2,425,169
Equity contribution reserve	27 (c)	255,237	255,237
Total shareholders' equity		6,292,550	5,875,237
Total shareholders' equity and liabilities		8,466,974	7,745,419

Signed on behalf of the Board



Director



Director

The notes on page 32 to 62 are an integral part of these financial statements

Free Bird Institute Limited
Statement of cash flows
For the year ended 31 December 2023

	Notes	2023 \$	2022 \$
Operating activities			
Receipts from customers		2,343,188	1,832,629
Payment to suppliers and employees		(2,625,105)	(2,553,498)
In-house insurance premiums received		(51,943)	94,136
In-house insurance claims paid		(27,176)	(24,814)
Interest received		8,210	12,033
Income tax paid	15 (d)	(43,016)	(63,705)
Interest paid on lease liabilities	14(b)	(97,519)	(84,064)
Net cash used in operating activities		(493,361)	(787,283)
Investing activities			
Acquisition of property, plant and equipment	22	(56,513)	(72,487)
Proceeds from sale of property, plant and equipment	8	2,174	7,339
Net cash used in from investing activities		(54,339)	(65,148)
Financing activities			
Dividends paid	27 (d)	(286,250)	(249,876)
Principal payment of lease liabilities	21	(158,179)	(60,491)
Net cash used in financing activities		(444,429)	(310,367)
Net decrease in cash and cash equivalents		(992,129)	(1,162,798)
Effect of movements in exchange rates on cash held		(20,717)	(91,625)
Cash and cash equivalents at 1 January		1,474,528	2,728,951
Cash and cash equivalents at 31 December	16	461,682	1,474,528

The notes on page 32 to 62 are an integral part of these financial statements

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

1. Reporting Entity

Free Bird Institute Limited (the "Company") is domiciled in the Fiji Islands. The address of the Company's registered office is at Office 1, Level 1, Lot 13 Commercial Street, Concave Subdivision, Namaka, Nadi.

The principal activities of the Company during the year were providing language learning programs, facilitating high school and other educational products to international students, assisting in the management of local students, provision of an in-house insurance scheme, in-house money exchange and a restaurant.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Fiji Companies Act 2015.

The financial statements were authorised for issue by the Board of Directors on 26th March 2024.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise indicated.

(c) Functional and presentation currency

The financial statements are presented in Fiji dollars rounded to the nearest dollar, which is the Company's functional currency.

(d) Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actuals may differ from these estimates.

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

The key areas in which estimates and judgments are applied are described below:

(i) Claims liabilities arising under in-house insurance contracts

Provision is made for the estimated cost of claims incurred but not settled at the balance date. This provision consists of estimates of both the expected ultimate cost of claims notified to the Company as well as the expected ultimate cost of claims incurred but not reported to the Company ("IBNR"). The estimated cost of claims includes direct expenses that are expected to be incurred in settling those claims.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claims is generally available.

IBNR claims may not often be apparent to the insurer until certain months after the events giving rise to the claims has happened. In calculating the estimated cost of unpaid claims the Company calculates the loss ratio (which is the total claims incurred to date and historically divided by the earned premium) multiplied by the estimated time lag of an incident occurring and being notified to the Company. The resultant percentage is multiplied with the earned premium for the year to calculate the estimated IBNR.

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Depreciation rates	Note 3(b)
Recoverability of deferred tax assets	Note 3n(ii)
Lease term and discount rate	Note 3(o)
Impairment of non-financial assets	Note 3(f) (ii)
Impairment of financial assets	Note 3(f) (i)
In-house insurance claims	Note 3(d)(iv)
Revenue recognition	Note 3(g)

(e) Going concern

The directors considers that the Company will continue as a going concern. The directors believe that the basis of preparation of financial statements is appropriate and the Company will be able to continue its operations for at least 12 months from the date of signing this report.

3. Summary of Accounting Policies

The Company has consistently applied the following accounting policies to all years presented in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and cash at bank at balance date. Cash and cash equivalents are short-term, highly liquid investments with original maturity term of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component 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 benefit embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The cost of the day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment.

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

3. Summary of Accounting Policies (continued)

(b) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The depreciation rates for the current and comparative period are as follows:

Building	2.5%
Motor vehicle	18%
Walkway and fence	2.5%
Office equipment	7 - 40%
Office furniture	12%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(c) Employee benefits

Defined contribution plan

All employers are required to make a statutory contribution to an approved superannuation fund which in this case is the Fiji National Provident Fund. These contributions are expensed as services are rendered by employees.

Short-term benefits

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

Annual leave

The Company accrues annual leave during the year and pays out the annual leave liability at the end of the financial year. Where amounts are not paid out, a liability is recognised for the amount expected to be paid.

(d) In-house insurance contracts

The Company issues contracts that transfer insurance risk. These contracts are issued to students for the duration that they undertake Language learning courses at the Institute and to employees which covers life and medical. Insurance contracts are those contracts that transfer significant insurance risk. As a general guide, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event.

(i) In-house insurance premium revenue

Premium comprises amounts charged to policyholders excluding taxes and fees collected on behalf of third parties. Premiums for the students are collected by the parent Company, South Pacific Free Bird Company Limited (SPFB) and are remitted to the Company after deducting a commission. Premium is treated as earned from the date of attachment of risk (generally the date a contract commences) over the period of the related insurance contracts in accordance with the pattern of the incidence of risk expected under the contracts.

(ii) Unearned premium

Unearned premium is calculated based on the number of days remaining till the insurance contract expiry date. The unearned portion of the premium is recognised as an unearned premium liability on the statement of financial position.

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

3. Summary of Accounting Policies (continued)

(d) In-house insurance contracts (continued)

(iii) Commission

Commission expenses are costs associated with obtaining and recording insurance contracts. The Company's parent SPFB charges commission for all insurance policies sold on behalf of the Company. These costs are amortised on the same basis as the earning pattern of the premium over the period of the insurance contract to which they relate.

(iv) In-house insurance claims

In-house insurance claims comprises claims and related expenses paid in the year, changes in the provisions for claims incurred but not reported, claims incurred but not settled at year end together with any other adjustments to claims from previous years.

(v) Claims liability

Provision is made for the estimated cost of claims incurred but not settled at balance date. This provision consists of both the expected cost of claims notified to the Company as well as the expected cost of claims incurred but not reported to the Company (i.e. IBNR). The cost of claims includes direct costs that are expected to be incurred in settling those claims.

(e) Financial instruments

(i) Recognition and initial measurement

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

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

All financial assets not classified as measured at amortised cost are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

3. Summary of Accounting Policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

The Company had not elected to present in OCI subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

The classification of financial assets as at 31 December 2023 are as follows:

	Classification
Cash and cash equivalents (excluding cash on hand)	Amortised
Trade and other receivables	Amortised
Term deposits	Amortised
Shares in Port Denarau Marina Ltd (PDML)	FVTPL

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument.

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

3. Summary of Accounting Policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Subsequent measurement and gains and loss

Financial assets that are measured at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Financial assets that are measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

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

(iii) Derecognition

Financial assets

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

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

3. Summary of Accounting Policies (continued)

(e) Financial instruments (continued)

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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

(f) Impairment

(i) Non derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at 12-month ECLs for all financial assets as:

- trade receivables comprise of a single customer, being the parent, SPFB. Impairment for amounts receivable from related parties have been considered based on qualitative factors;
- cash at bank balances and term deposits for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition;
- immigration and other bonds comprise of receivables from the Department on immigration and other parties that have been determined to have a low credit risk at the reporting date; and
- other receivables comprise of receivables for payments made on behalf of SPFB. Impairment for amounts receivable from related parties have been considered based on qualitative factors.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers cash and cash equivalents to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be BB- or higher per rating agency Standards & Poor's (S&P).

12-month ECL's are the portion of ECL's that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECL's is the maximum contractual period over which the Company is exposed to credit risk.

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

3. Summary of Accounting Policies (continued)

(f) Impairment (continued)

(i) Non derivative financial assets (continued)

The Company applied the two stage approach to amounts receivable from related parties to identify significant increases in credit risk. In calculating a provision for expected credit losses, the Company considers what is the probability of the related party defaulting. In assessing the risk of default, the Company considers the following factors:

- actual failure to pay within payment terms of the receivable;
- the related parties credit worthiness and financial position; and
- adverse changes to the overall viability of the related party operations.

Measurement of ECLs

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

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

3. Summary of Accounting Policies (continued)

(f) Impairment (continued)

(ii) Non financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(g) Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a service to a customer.

Outlined below is information about the nature and timing of the satisfaction of performance obligations including revenue recognition under IFRS 15 in contracts with customers.

Service fees

The Company has a contract with parent, SPFB and other agents to provide various services to the students that are engaged via them. The customers of the Company are the students. The services provided include enrolment, tuition, arranging for visas, providing students with accommodation can be either dormitory or homestay, providing examinations and provision of high school learning. These arrangements in the contract have been determined as separate performance obligations except enrolment activity. The Company has determined these performance obligations qualify as distinct performance obligations, as the customer benefit from the service on its own or together with other resources that are available to customer, and the promise to transfer the service is separately identifiable from other promises in the contract. Furthermore, fulfillment of one performance obligations does not significantly customizes the other nor are interdependent or interrelated on how each obligation is executed.

The transaction price is determined based on the fee rates agreed between the Company and the customers, and level of service rendered. The transaction price includes the non-refundable upfront fees such as enrolment fees as it not considered to be a significant material right.

In relation to arranging visa for students, we recognize revenues on a net basis based on our role in the transaction as an agent as we have concluded that we do not control the approval of granting a visa to students, and therefore record only the net revenue share we earn.

Invoices are issued monthly and are usually payable within 30 days. The Company has a right to invoice SPFB and other agents at an amount that corresponds directly with its performance to date, hence recognise revenue at that amount.

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

3. Summary of Accounting Policies (continued)

(g) Revenue (continued)

The Company recognizes revenue when it transfers control of a service to a customer. Revenue recognition for each of the major revenue is as follows:

Revenue Stream	Performance obligation	Timing of recognition
Language teaching revenue	Provision of English language teaching courses	Overtime starting from the commencement of the course to when the course is completed.
High school teaching revenue	Provision of high school studies	Overtime starting from the commencement of the course to when the course is completed.
Dormitory and homestay fees	Provision of accommodation to students.	Revenue from accommodation is recognised overtime during the period of stay.
Visa fees	Arranging student visa prior to arrival to the country for	Point in time when the relevant cost incurred and paid to the Immigration Department.
Enrolment fees	Student registration services	Overtime starting from the commencement of the course to when the course is completed.

Restaurant sales

Restaurant services include in-house dining, takeaway service and delivery to students. SPFB and the general public are customers of the Company. Revenue is earned from the sale of food and beverages. Revenue is recognised at a point-in-time when food and beverage have been served to patron. Invoices to SPFB are issued on a monthly basis. The general public pay cash on delivery of goods. In May 2023, the Company ceased the sale of food to the general public, electing instead to concentrate exclusively on its in-house students.

(h) Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of direct cost of issuing the equity instruments.

(i) Trade and other payables, contract liabilities and payables to related parties

Trade and other payables and payable to related parties are stated at amortised cost.

(j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation taking into account the risks specific to the liability, its carrying amount is the present value of those cash flows.

(k) Finance income and finance cost

Finance income and expenses comprises interest income on term deposits and foreign exchange gains and losses. Interest income or expense is recognised using the effective interest rate method. Foreign exchange gains and losses are presented net as either finance income or finance cost.

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

3. Summary of Accounting Policies (continued)

(k) Finance income and finance cost (continued)

The Company offers in-house money exchange. In-house money exchange income represents the net value of currencies traded as a result of the Company's operation as an in-house Bureau-de-change. Students and staff exchange their Japanese yen with the Company for Fiji dollars. The Company then deposits the Japanese yen collected into its Japanese yen bank account held locally and transfers the Japanese yen to its Fiji dollar account when the rates are favourable. The gain or loss on the transfer is recognised as a realised exchange gain or loss and included in either finance income or finance expense.

(l) Foreign currency transactions

Transactions in foreign currencies are translated to Fiji dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Fiji dollars at the exchange rate at that date. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency gains or losses are recognised in profit or loss.

(m) Dividend distribution

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

(n) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except for items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

3. Summary of Accounting Policies (continued)

(n) Income tax (continued)

(ii) Deferred tax (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

(o) Leases

The Company leases restaurant facilities and the land upon which its educational facilities have been constructed (see Note 21).

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

i. As a lessee under IFRS 16

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the 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 that rate cannot be readily determined, the Company incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

3. Summary of Accounting Policies (continued)

(o) Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. During the year, the lease for Lautoka Delana was modified after the lease repayment had increased.

The Company presents right-of-use assets and lease liabilities as separate line items in the statement of financial position (see note 21).

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office space that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(p) Comparative figures

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

(q) IFRS 17 - Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance contracts and is effective for annual periods beginning on or after 1 January 2023 with early adoptions permitted.

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach ("PAA"). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

3. Summary of Accounting Policies (continued)

(q) IFRS 17 - Insurance Contracts (continued)

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided;
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart;
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision);
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

(i) Measurement - Premium Allocation Approach

		IFRS 17 Options	Adopted approach
Premium Approach Eligibility	Allocation (PAA)	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	Coverage period for property insurance and liability reinsurance assumed is one year or less and so qualifies automatically for PAA.
Insurance acquisition cash flows for insurance contracts issued		Where the coverage period of all contracts within a group is less than one year, insurance contracts and amortised over the coverage acquisition cash flows can be expensed as incurred.	The insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.
Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money		Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	There is no allowance as the premiums are received within one year of the coverage period.

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

3. Summary of Accounting Policies (continued)

(q) IFRS 17 - Insurance Contracts (continued)

(i) Measurement - Premium Allocation Approach (continued)

	IFRS 17 Options	Adopted approach
Liability for Incurred Claims, (LFIC) adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The incurred claims are expected to be paid out in less than one year. Hence, no adjustment is made for the time value of money.
Insurance finance income and expense	There is an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI.	The change in LFIC as a result of changes in discount rates will be captured within profit or loss.

4. Standards issued and are not yet effective

The following amended standards are not expected to have a significant impact on the financial statements.

- Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice statement 2)
- Classification of liabilities as current or non-current – (Amendments to IAS 1)
- Definition of accounting estimates (Amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendment to IAS 12)
- Amendments to IAS 12- International Tax Reform- Pillar Two Model Rule
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures- Supplier
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non- current Liabilities with Covenants (Amendments to IAS 1)

5. Risk management

(a) Insurance risk

Insurance contracts transfer risk to the insurer by indemnifying the policy holders against adverse effects arising from the occurrence of specified uncertain future events. The risk is that the actual amount of claims to be paid in relation to contracts will be different to the amounts estimated at the time a product was designed and priced. The Company is exposed to this risk because the price for a contract must be set before the losses relating to the product are known. Hence the insurance business involves inherent uncertainty.

To mitigate these risks effectively, the Company has strategically priced its policies using advanced data analytics, which allows for more accurate risk estimation and pricing. This approach ensures the Company's financial stability and bolsters its capability to meet policyholder obligations reliably, even in the face of unforeseen events or claims.

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

5. Risk management (continued)

(a) Insurance risk (continued)

The Company's in-house insurance business is concentrated to the Japanese students who undertake Language learning programs with the Company. The Company does not reinsure, however, has set aside \$500,000 (2022: \$500,000) for any unforeseen claims that may be made from the Company's in-house insurance scheme.

(b) Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk;
- (ii) Liquidity risk;
- (iii) Market risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board requires that the management report provided to the Board every month contain a list of risks and opportunities. A risk register is maintained by the Company of all those risks identified and potential risks that the Company might be exposed to in regards to the changing business environment, legislation and all other known risks.

(i) ***Credit risk***

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables. The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

Apart from a small portion, the majority of the Company's revenue is collected directly from its parent Company, South Pacific Free Bird Company Limited (SPFB) and these receivables are of a short-term nature. For service fees, SPFB invoices the students while the Company invoices SPFB at the end of each month.

Impairment for amounts receivable from related parties have been considered based on qualitative factors. The Company did not recognise an impairment allowance against amounts receivable from related parties at 31 December 2023 due to the strong financial position of the related parties.

In-house insurance premiums are collected upfront by SPFB from the students and remitted to the Company. Immigration bonds are paid to the Department of Immigration for student visa's and these are refunded when the student departs the country. The Company's exposure to credit risk on these receivables are minimal.

Impairment for other receivables have been considered based on qualitative factors. The Company recorded an impairment allowance for the rental bond receivable from the Landlord at its previous headquarter.

Impairment loss on financial assets recognised in profit or loss was as follows:

	2023	2022
	\$	\$
Impairment loss on trade and other receivables	60,000	-

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

5. Risk management (continued)

(b) Financial risk management (continued)

(i) *Credit risk (continued)*

	2023	2022
	\$	\$
<u>Movements in the allowance for impairment for trade and other receivables</u>		
Balance at 1 January	54,875	54,875
Movement during the year	5,125	-
Balance at 31 December	<u>60,000</u>	<u>54,875</u>

Cash and cash equivalents and term deposits

The Company held cash and cash equivalent of \$461,682 (2022: \$1,474,528) and term deposits of \$616,081 (2022: \$616,081). Cash and term deposits are held with banks which are rated AA- based on Standard & Poors ratings.

Impairment on cash and cash equivalents and term deposits has been measured on the 12 month expected credit loss basis and reflects short term maturities of the exposures. The Company considers that its cash and cash equivalent and term deposits have low credit risk, except for term deposits held with locally incorporated financial institutions.

The Company did not recognise impairment allowance as at 31 December 2023 as the Company does not consider the impairment allowance to be material.

(ii) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Company also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade and other payables.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

	Carrying amount	Contractual cash flows			
		Total	Up to 1 year	1-2 years	More than 2 years
31 December 2023	\$	\$	\$	\$	\$
Trade and other payables	216,335	216,335	216,335	-	-
Payable to related parties	357,633	357,633	357,633	-	-
Lease liabilities	1,323,742	2,903,425	162,000	138,624	2,602,801
	<u>1,897,710</u>	<u>3,477,393</u>	<u>735,968</u>	<u>138,624</u>	<u>2,602,801</u>
31 December 2022	\$	\$	\$	\$	\$
Trade and other payables	163,731	163,731	163,731	-	-
Payable to related parties	198,376	198,376	198,376	-	-
Lease liabilities	1,231,334	2,359,841	138,624	138,624	2,082,593
	<u>1,593,441</u>	<u>2,721,948</u>	<u>500,731</u>	<u>138,624</u>	<u>2,082,593</u>

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

5. Risk management (continued)

(b) Financial risk management (continued)

(iii) Market risk

Market risk is the risk that changes in market price such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

Interest rate risk

The Company adopts a policy of ensuring that as far as possible its interest rate risk exposure is at a fixed rate. This is achieved by entering into fixed-rate instruments.

Exposure to interest rate risk

The interest rate profile of the Company's interest bearing financial instruments is as follows:

Fixed rate instruments	2023	2022
	\$	\$
<u>Financial assets</u>		
Term deposits	616,081	616,081
Cash and cash equivalents - short term deposits	<u>25,097</u>	<u>5,539</u>
<u>Financial liabilities</u>		
Lease liability	<u>(1,323,742)</u>	<u>(1,231,334)</u>

Cash at bank is non-interest bearing.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss therefore a change in interest rate at the reporting date would not affect profit or loss.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which revenue and interest bearing borrowings are denominated and the respective currency of the Company. The functional currency of the Company is Fiji Dollar. Revenue and interest bearing borrowings are primarily denominated in Japanese Yen.

The Company has a Japanese Yen bank account which it uses to receipt all revenue that are Yen based and for payments denominated in Yen. When settlements are required to be done in currencies other than the Japanese Yen, the Company uses enters into forward rate arrangement with recognised banks for the purpose of settlement.

Exposure to currency risk

The summary quantitative data of the Company's exposure to currency risk is as follows:

	2023	2022
<u>Financial assets</u>	Yen	Yen
Trade receivables	<u>243,022,412</u>	<u>133,766,846</u>

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

5. Risk management (continued)

(b) Financial risk management (continued)

(iii) *Market risk (continued)*

	2023 Yen	2022 Yen
<u>Financial liabilities</u>		
Trade payable to related party	22,824,138	11,886,690

The above amounts are in Yen as at 31 December.

The following significant exchange rates have been applied:

	Year end spot rates	
	2023	2022
JPY	63.82	59.92

Sensitivity analysis

A 10% strengthening (weakening) of the Yen against the Fiji Dollar at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

<u>Effect in FJD</u>	<u>Profit or loss</u>		<u>Equity, net of tax</u>	
	<i>Strengthening</i>	<i>Weakening</i>	<i>Strengthening</i>	<i>Weakening</i>
<u>31 December 2023</u>				
Financial assets	(380,794)	380,794	(342,714)	342,714
Financial liabilities	40,788	(40,788)	36,710	(36,710)
<u>31 December 2022</u>				
Financial assets	(223,242)	223,242	(200,918)	200,918
Financial liabilities	19,110	(19,110)	17,199	(17,199)

The amounts in brackets above are debits and therefore losses in profit or loss and decreases in equity.

(iv) *Accounting classifications and fair values*

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

The categorisation of financial assets measured at fair value as at 31 December 2023 are as follows:

Financial assets measured at fair value	Category
Shares in Port Denarau Marina Ltd (PDML)	Level 1

6. Operating segments

(a) Basis for segmentation

The Company's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different marketing strategies.

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

6. Operating segments (continued)

(a) Basis for segmentation

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Service fees	Provision of Language learning programs and facilitating high school and other educational products to international students.
In-house insurance	Writing of life, medical and travel insurance policies for international students. Employee insurance policies is limited to life and medical only.
Restaurant	Sale of food meals, specialising in Japanese udon noodles.

The Company's Chief Executive Officer reviews the internal management reports of each segment at least monthly.

(b) Informational about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments.

The accounting policies applied to the operating segments are the same as those described in the summary of significant accounting policies.

		Reportable segments			
	Service fees	In-house insurance	Restaurant	Total	
	\$	\$	\$	\$	
2023					
External revenue	3,575,979	629,881	48,501	4,254,361	
Other income	56,494	-	-	56,494	
Interest income	25,843	6,325	-	32,168	
Interest expense	(96,768)	-	(751)	(97,519)	
Depreciation expense	(225,842)	-	(2,402)	(228,244)	
Direct, personnel, insurance and other expense	(2,806,330)	(341,045)	(51,783)	(3,199,158)	
Segment profit before tax	529,376	295,161	(6,435)	818,102	
Segment assets	7,231,545	1,145,947	89,482	8,466,974	
Segment liabilities	1,660,695	513,729	-	2,174,424	
2022					
External revenue	3,249,440	523,087	99,996	3,872,523	
Other income	28,766	-	-	28,766	
Interest income	23,996	13,486	-	37,482	
Interest expense	(83,592)	-	(2,047)	(85,639)	
Depreciation expense	(205,097)	-	(8,108)	(213,205)	
Direct, personnel, insurance and other expense	(2,742,747)	(244,763)	(98,678)	(3,086,188)	
Segment profit before tax	270,766	291,810	(8,837)	553,739	
Segment assets	6,428,255	1,297,362	19,802	7,745,419	
Segment liabilities	1,602,559	241,912	25,711	1,870,182	

Free Bird Institute Limited
Notes to the financial statements
For the year ended 31 December 2023

	2023	2022
7. In-house insurance premium	\$	\$
Gross written insurance premium	645,866	567,620
Premiums refunded during the year and third party taxes	(35,048)	(38,789)
Unearned premium movement	19,063	(5,744)
	<u>629,881</u>	<u>523,087</u>
8. Other income	\$	\$
Tour revenue	13,090	7,775
Gain on disposal of property, plant and equipment	2,174	7,339
Miscellaneous	41,230	13,652
	<u>56,494</u>	<u>28,766</u>
9. In-house insurance claims	\$	\$
Gross in house insurance claims incurred	27,176	24,814
	<u>27,176</u>	<u>24,814</u>
10. In-house insurance commission expense	\$	\$
Commission expense	513,557	325,490
Less prepaid commission expense movement	(199,688)	(105,541)
	<u>313,869</u>	<u>219,949</u>
11. Direct operating expenses	\$	\$
Accommodation cost and supplies	5,005	11,641
Classroom supplies	16,894	25,952
Electricity and water	59,311	54,448
Home stay fees	853,563	766,797
Restaurant expenses	28,824	62,279
Impairment loss	60,000	-
	<u>1,023,597</u>	<u>921,117</u>
12. Personnel expenses	\$	\$
Wages and salaries	907,825	1,037,110
Key management compensation - short term benefits	259,926	281,964
Key management compensation- contribution to FNPF	13,844	13,844
Contributions to Fiji National Provident Fund	45,616	43,720
Fiji National University Levy	7,690	10,458
Other staff costs	5,868	8,173
	<u>1,240,769</u>	<u>1,395,269</u>

Free Bird Institute Limited
Notes to the financial statements
For the year ended 31 December 2023

	2023	2022
	\$	\$
13. Other expenses		
Accounting fees	3,500	2,513
Audit fees	22,000	22,000
Advertising and marketing	2,262	15,932
Bank charges	4,657	3,508
Directors' fees	21,500	23,230
Education and training	2,111	844
Freight, postage and courier	3,443	5,057
Insurance	5,525	5,115
License and rates	5,600	34,203
Meals and entertainment	8,608	4,675
Motor vehicle expenses	40,444	33,491
Office expenses	118,949	69,724
Other expense	33,924	32,977
Printing and stationery	24,880	18,509
Professional fees	-	5,351
Repair and maintenance	66,354	31,303
Subscriptions	47,009	19,749
Telephone and internet	44,226	47,768
Travel and accommodation	52,757	18,915
	<u>507,749</u>	<u>394,864</u>
14. Finance income and finance cost		
(a) Finance income	\$	\$
Interest income	6,325	13,486
Realised foreign exchange gain - in house exchange	25,843	23,996
	<u>32,168</u>	<u>37,482</u>
(b) Finance cost	\$	\$
Interest expense on borrowings	-	1,575
Interest expense on lease liabilities	21 97,519	84,064
Unrealised foreign exchange loss	78,698	128,970
Realised foreign exchange loss	7,300	1,205
	<u>183,517</u>	<u>215,814</u>
15. Income tax		
(a) Income tax expense recognised in the income statement	\$	\$
<u>Current tax expense</u>		
Current year	117,513	54,925
<u>Deferred tax expense</u>		
Origination and reversal of temporary differences	9,569	(6,730)
Change in tax rate *	(11,061)	-
Other	(1,482)	-
Income tax expense	<u>114,539</u>	<u>48,195</u>

* In 2023, the income tax rate had increased from 10% to 15%

Free Bird Institute Limited
Notes to the financial statements
For the year ended 31 December 2023

15. Income tax (continued)	2023	2022
	\$	\$
(b) Reconciliation of effective tax rate		
Operating profit before income tax	818,102	553,739
Prima facie income tax expense on profit before tax at 15% (2022:10%)	122,715	55,374
Change in tax rate	(11,061)	-
Tax effect of non deductible expenses	4,368	(7,179)
Others	(1,483)	-
Income tax expense	<u>114,539</u>	<u>48,195</u>
(c) Recognised deferred tax asset		
Employee benefits	1,999	1,334
Trade receivables	9,000	5,488
Unrealised foreign exchange gain	11,770	12,895
Right-of-use assets	(185,925)	(112,601)
Lease liability	198,561	123,133
Property plant and equipment	<u>(6,196)</u>	<u>(4,016)</u>
	<u>29,209</u>	<u>26,233</u>

Movement in temporary differences during the year

	1 January 2023	Recognised in income statement	31 December 2023
	\$	\$	\$
Employee benefits	1,334	665	1,999
Trade receivables	5,488	3,512	9,000
Unrealised Foreign exchange gain	12,895	(1,125)	11,770
Right-of-use assets	(112,601)	(73,324)	(185,925)
Lease liability	123,133	75,428	198,561
Property plant and equipment	<u>(4,016)</u>	<u>(2,180)</u>	<u>(6,196)</u>
	<u>26,233</u>	<u>2,976</u>	<u>29,209</u>
	1 January 2022	Recognised in income statement	31 December 2022
	\$	\$	\$
Employee benefits	1,687	(353)	1,334
Trade receivables	5,488	-	5,488
Unrealised Foreign exchange gain	7,280	5,615	12,895
Right-of-use assets	(103,460)	(9,141)	(112,601)
Lease liability	111,734	11,399	123,133
Property plant and equipment	<u>(3,226)</u>	<u>(790)</u>	<u>(4,016)</u>
	<u>19,503</u>	<u>6,730</u>	<u>26,233</u>

Free Bird Institute Limited
Notes to the financial statements
For the year ended 31 December 2023

15. Income tax (continued)	2023	2022
(d) Current tax asset/(liability)	\$	\$
Opening balance	51,592	41,572
Current tax expense	(117,513)	(54,925)
Resident interest withholding tax	500	1,240
Payments made during the year	43,016	63,705
Closing balance	(22,405)	51,592

The 2023/2024 national budget revealed a decision to raise the tax rate for companies listed in the SPx from 10% to 15%. Consequently, for the fiscal year ending in 2023, the Company implemented an income tax rate of 15%.

16. Cash and cash equivalents	\$	\$
Cash on hand	549	-
Cash at bank	436,036	1,468,989
Short term deposits	25,097	5,539
Cash and cash equivalents in the Statement of Cash flows	461,682	1,474,528

17. Trade and other receivables		
Receivable from South Pacific Free Bird Company Limited - service fee	3,109,869	1,849,642
Receivable from South Pacific Free Bird Company Limited - in-house insurance premium	645,866	279,247
Immigration and other bonds	339,147	302,601
Other receivables - South Pacific Free Bird Company	52,200	103,535
Other receivables - Ba Provincial Free Bird Institute High School	190,298	74,848
Other receivables - others	113,892	76,904
Gross Trade and other receivable	4,451,272	2,686,777
Less allowance for impairment of trade and other receivables	(60,000)	(54,875)
	4,391,272	2,631,902
<u>Classified in the financial statements as follows:</u>		
Current	4,311,243	2,547,373
Non Current	80,029	84,529
	4,391,272	2,631,902

Immigration bonds are on revolving basis, hence, disclosed as current.

18. Prepayments	\$	\$
Commission prepaid	-	17,727
Other prepayments	44,141	37,258
	44,141	54,985

Free Bird Institute Limited
Notes to the financial statements
For the year ended 31 December 2023

	2023	2022
	\$	\$
19. Term deposits		
Current	591,646	591,646
Non current	24,435	24,435
	<u>616,081</u>	<u>616,081</u>

Term deposits will mature on 17 August 2024, 31 August 2024, 25th October 2024 and 24 December 2024, with interest rate between 0.15% to 2.25% (2022: 29 August 2023, 26 October 2023, 24 December 2023 and 17 August 2024 with interest rates between 0.25% to 2.25% per annum).

The Company has given the authority to approve and set off term deposits amounting to \$74,435 against credit card facility provided by the respective bank.

	\$	\$
20. Equity instruments		
Shares in Port Denarau Marina Ltd (PDML)	<u>21,400</u>	<u>21,400</u>

Shares in PDML are valued at market price and any gains/losses are recorded in the statement of profit or loss.

21. Leases

The Company leases restaurant facilities and land. The leases typically run for a period of 5-50 years, with an option to renew the lease after that date. Lease payments are renegotiated on renewal to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

In 2023, the lease repayment to Lautoka Delana had increased to \$4,500/month (2022: \$3,500/month). In addition, in May 2023, the Company closed down its restaurant. Hence its related ROU asset and Lease Liability was written off.

Rights-of-use assets	\$	\$
Balance at 1 January	1,126,008	1,034,602
Addition	226,877	175,525
Disposals	(20,655)	-
Depreciation charge for the year	(92,733)	(84,119)
Balance at 31 December	<u>1,239,497</u>	<u>1,126,008</u>

Lease Liabilities

Maturity analysis – contractual undiscounted cash flows	\$	\$
Less than one year	162,000	138,624
One to five years	495,025	459,850
More than five years	2,246,400	1,761,367
Total undiscounted lease liabilities at 31 December	<u>2,903,425</u>	<u>2,359,841</u>

Lease liabilities included in the statement of financial position at 31 December:

	\$	\$
Current	67,054	68,753
Non-current	1,256,688	1,162,581
	<u>1,323,742</u>	<u>1,231,334</u>

Free Bird Institute Limited
Notes to the financial statements
For the year ended 31 December 2023

21. Leases (continued)

	2023	2022
	\$	\$
Amounts recognised in profit or loss		
Depreciation on ROU Assets	92,733	84,119
Interest on lease liabilities	97,519	84,064
Expenses relating to short-term leases	17,213	14,478
	<u>207,465</u>	<u>182,661</u>
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	<u>158,179</u>	<u>60,491</u>

Extension options

Some property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Free Bird Institute Limited
Notes to the financial statements
For the year ended 31 December 2023

22. Property, plant and equipment

Cost	Buildings \$	Motor vehicles \$	Walkway and fence \$	Office equipment & furniture \$	Total \$
Balance as at 1 January 2022	2,012,923	221,572	244,949	405,916	2,885,360
Additions	-	17,862	-	54,625	72,487
Disposals	-	(26,086)	-	-	(26,086)
Balance at 31 December 2022	2,012,923	213,348	244,949	460,541	2,931,761
Balance at 1 January 2023	2,012,923	213,348	244,949	460,541	2,931,761
Additions	20,772	-	-	35,741	56,513
Disposal	-	(27,630)	-	-	(27,630)
Balance at 31 December 2023	2,033,695	185,718	244,949	496,282	2,960,644
Depreciation					
Balance as at 1 January 2022	619,892	120,561	74,618	271,000	1,086,071
Depreciation charge for the year	50,323	28,534	6,124	44,105	129,086
Disposals	-	(26,086)	-	-	(26,086)
Balance at 31 December 2022	670,215	123,009	80,742	315,105	1,189,071
Balance at 1 January 2023	670,215	123,009	80,742	315,105	1,189,071
Depreciation charge for the year	50,627	28,652	6,124	50,108	135,511
Disposals	-	(27,630)	-	-	(27,630)
Balance at 31 December 2023	720,842	124,031	86,866	365,213	1,296,952
Carrying amount					
Balance as at 1 January 2022	1,393,031	101,011	170,331	134,916	1,799,289
Balance at 31 December 2022	1,342,708	90,339	164,207	145,436	1,742,690
Balance at 31 December 2023	1,312,853	61,687	158,083	131,069	1,663,692

Free Bird Institute Limited
Notes to the financial statements
For the year ended 31 December 2023

	2023	2022
23. Trade and other payables	\$	\$
Trade payables	15,323	29,462
Accruals	100,213	64,932
Withholding tax payable	34,996	61,312
Other payables	65,803	8,025
	<u>216,335</u>	<u>163,731</u>

24. Contract liabilities	\$	\$
Contract liabilities	18,128	21,493

Contract liabilities primarily relates to advance consideration from other agents other than SPFB for tuition services for which revenue is recognised overtime.

25. Payable to related parties	\$	\$
Payable to South Pacific Free Bird Company Limited	357,633	198,376

The above payables are unsecured, on demand and non interest bearing. The amount is inclusive of commission payable of \$287,379 (2022: \$108,919)

26. In-house insurance liabilities		\$	\$
Claims incurred but not reported (i)		1,827	1,827
Unearned premium (ii)		80,614	99,677
Claims incurred but not paid		140,408	140,408
		<u>222,849</u>	<u>241,912</u>

Due to the short term nature of the insurance contracts all in-house insurance liabilities have been classified as current.

- (i) This represents a provision for claims incurred but not reported. This has been calculated as follows:

Number of days taken to notify claims x loss ratio x earned premium for the year.

365 days

This assessment of IBNR was done by management based on an Actuarial Review undertaken in 2019. The calculated IBNR for 2023 was not materially different compared to 2022. Management therefore, has not made any adjustments to this amount in the financial year ended 31 December 2023.

(ii) <u>Unearned premium reconciliation</u>	\$	\$
Balance at the beginning of the year	99,677	93,933
Gross premiums received during the year	645,866	567,620
Premiums earned	(629,881)	(523,087)
Premiums refunded during the year and third party taxes	(35,048)	(38,789)
Balance at the end of the year	<u>80,614</u>	<u>99,677</u>
(iii) <u>Commission payable reconciliation</u>	\$	\$
Balance at the beginning of the year	(91,192)	14,349
Commission paid for the year	114,181	114,408
Amortisation of costs to profit or loss	(313,869)	(219,949)
Net commission payable for the year	<u>(290,880)</u>	<u>(91,192)</u>

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

26. In-house insurance liabilities (continued)

Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. The Company has reviewed all the contracts issued to its students (policyholders) and concluded that they all meet the definition of insurance contracts.

The Company offers five different plans to its students based on the number of days a student would take the insurance cover for. All plans include four types of covers being travel domestic, travel international, medical and life. However employees of the Company, are offered one plan only which covers medical and life.

The effect of using PAA approach to measure insurance contracts under under IFRS 17 is similar to the current basis on which insurance is brought to account and there is no material effect.

27. Share capital	2023	2022
(a) Authorised capital		
Ordinary shares	2,385,413	2,385,413
(b) Issued capital	\$	\$
2,385,413 (2022:2,385,413)	3,194,831	3,194,831
Shares of the Company do not have a par value.		
<u>Shareholders at 31 December:</u>		
South Pacific Free Bird Company Limited (Japan)	1,478,669	1,479,819
FHL Trustees Ltd	250,806	250,806
Hiroshi Taniguchi	155,000	155,000
Masayasu Muramatsu	122,753	128,450
IBC Ltd (Japan)	80,354	80,354
Platinum Insurance Limited (Vanuatu)	65,192	65,312
Toshikazu Torimoto	46,284	46,284
Yoshinobu Higashi	29,704	30,967
Others	156,651	148,421
	2,385,413	2,385,413
(c) Equity contribution reserve		
The equity contribution reserve represents the difference between the nominal value of the amounts payable to related parties and their fair value. As the financing was provided by shareholders acting in their capacity as shareholders, the difference was treated as an equity contribution reserve.		
(d) Dividends	\$	\$
An interim dividend was declared for the year ended 2023: \$0.12 per ordinary shares (2022: \$0.12)	286,250	285,036
Dividend reinvested in ordinary shares	-	(35,160)
Total dividend paid	286,250	249,876

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

28. Earnings per share

The calculation of earnings per share at 31 December 2023 was based on profit attributable to ordinary shareholders of \$703,563 (2022: \$505,544) and a weighted average number of ordinary shares outstanding of 2,385,413 (2022: 2,385,413) calculated as follows:

	2023	2022
	\$	\$
Profit after income tax for the year	703,563	505,544
Number of shares outstanding	2,385,413	2,385,413
Basic and diluted earnings per share	<u>\$ 0.29</u>	<u>\$ 0.21</u>

29. Related parties

(a) Directors

The directors in office during the year were:

Hiroshi Taniguchi (Chairman)

Sandeep Singh (resigned: 06/09/2023)

Yoko Nameki

Masao Kaneko (resigned: 27/05/2023)

Kawai Takumi

Rina Kumar

Directors fees are disclosed in Note 13.

(b) Parent Company

The parent Company of Free Bird Institute Limited is South Pacific Free Bird Company Limited, a private Company incorporated in Japan.

(c) Amounts (payable to) / receivable from related parties

	\$	\$
<u>South Pacific Free Bird Company Limited</u>		
Other payables (note 25)	(357,633)	(198,376)
Trade receivables (note 17)	3,755,735	2,128,889
Other receivables (note 17)	52,200	103,535
Commission (payable)/prepaid	(290,880)	17,727
<u>Ba Provincial Free Bird Institute</u>	190,298	74,848

(d) Transactions with related parties

During the year, the Company entered into various transactions with related parties. The aggregate value of major transactions with related parties during the year is as follows:

	\$	\$
<u>South Pacific Free Bird Company Limited</u>		
Service fees	3,532,660	3,224,405
Commission expense	313,869	219,949
License fees for software use	36,846	29,910
Interest expense on borrowings	-	1,575
InterCompany offset on repayment of borrowings and interest	-	129,179

Free Bird Institute Limited

Notes to the financial statements

For the year ended 31 December 2023

29. Related parties (continued)

(e) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director (whether executive or otherwise of that entity).

During the year the following persons were the executives of the Company identified as key management personnel with the greatest authority and responsibility for planning, directing and controlling the activities of the Company:

Name	Title
Hiroshi Taniguchi	Chief Executive Officer (Chairman)
Roqiqi Korodrau	Chief Financial Officer
Shaniza Bibi	Chief Operations Officer (resigned: 27/03/2023)

Key management compensation is disclosed under Note 12.

30. Commitments

Capital commitments not otherwise provided for in the financial statements amounted to \$Nil (2022: \$Nil).

31. Contingent liabilities

Contingent liabilities amount to \$Nil (2022: Nil)

32. Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and be in compliance with statutory requirements. In order to maintain or adjust the capital structure, the Company may adjust the return of capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total equity is calculated as equity as shown in the statement of financial position plus net debt. The gearing ratio of the Company at balance date is as follows:

	Note	2023 \$	2022 \$
Lease liability	21	1,323,742	1,231,334
Less: Cash and Cash Equivalents	16	(461,682)	(1,474,528)
Net Debt		862,060	(243,194)
Total Capital		6,292,550	5,875,237
Gearing Ratio		14%	(4%)

33. Events subsequent to balance date

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.



Other Information

Listing Requirements of the South Pacific Stock Exchange (SPX)

The information contained herein is unaudited and not included anywhere else in this Annual Report. These information are required to be disclosed under the SPX Listing Rules.

1. Related party shareholding

Shareholdings of Directors and Senior Management and their connected persons (in the listed entity or any of its subsidiaries) required under section 51.2(iv) of the Listing rules.

Shareholder	Number of Shares	Percentage
Hiroshi Taniguchi	155,000	6.50%

2. Shareholder listing

Shareholdings of those persons holding twenty (20) largest blocks of shares as required under section 51.2(v) of the Listing Rules.

Shareholder's Name	Shares	Percentage
South Pacific Free Bird Co. Ltd	1,478,669	61.99%
FHL trustees Limited TRUSTEES LIMITED ATF Fijian Holding Unit Trust	250,806	10.51%
Hiroshi Taniguchi	155,000	6.5%
Masayasu Muramatsu	128,327	5.38%
IBC CO. LTD	80,354	3.37%
Platinum Insurance Limited	65,192	2.73%
Toshikazu Torimoto	46,284	1.94%
Yoshinobu Higashi	29,804	1.25%
Jimaima T & Roland F. Schultz	25,970	1.09%
Tomoko Tanaka	20,828	0.87%
Pravin Patel	10,284	0.43%
Shakuntla Prasad	10,284	0.43%
Suresh Prasad	10,284	0.43%
Tutaneikai Investments Limited	8,356	0.35%
Namaka Public School	8,000	0.34%
Vamarasi Kafoa	5,968	0.25%
Ronald Ravinesh Kumar	5,791	0.24%
Yortmar No 12 Pty Ltd	3,184	0.13%
Coomberdale Limited	2,570	0.11%
Purna Pravin Patel	2,570	0.11%

3. Share distribution schedule

A distribution schedule of each class of equity security, setting out the number of holders and percentage as required under section 51.2(vi) of the Listing Rules.

Number of Shareholders	Shareholders	Total % Holding
73	0-500 shares	0.46%
29	501 -5,000 shares	1.44%
4	5,001 - 10,000 shares	1.18%

NUmber of Shareholders	Shareholders	Total % Holding
3	10,001 - 20,000 shares	1.29%
3	20,001 - 30,000 shares	3.21%
0	30,001 - 40,000 shares	0.00%
1	40,001 - 50,000 shares	1.94%
2	50,001 - 100,000 shares	6.10%
3	100,001 - 1,000,000 shares	22.39%
1	>1,000,000 shares	61.99%
		100%

4. Meetings of the Board

The Board of Directors met 4 times during the year and the attendance at these meetings by the members is provided below.

Director	25/03/2023	27/05/2023	21/10/2023	16/12/2023
Hiroshi Taniguchi	Present	Present	Present	Present
Rina Kumar	Present	Present	Present	Present
Takumi Kawai	Present	Present	Present	Present
Yoko Name	Present	Present	Present	Present
Masao Kaneko	Present	Not Applicable	Not Applicable	Not Applicable
Sandeep Singh	Not applicable	Present	Not applicable	Not applicable

Corporate Directory



Registered Office:	Office 1, Level 1, Lot 13 Commercial Street Concave Subdivision, Namaka, Nadi
Telephone:	+679 6720 379
Postal Address:	P.O Box 11065, Waimalika, Nadi, Fiji
Campus locations:	Namaka Campus Lot 3, Nasilivata Road, Namaka, Nadi Lautoka Campus 20 Mission, Place, Simla, Lautoka
External Auditors:	EY Chartered Accountants Level 3, Jetpoint Complex, Queens Road, Martintar, Nadi
Share Registry:	Central Share Registry Pte Limited Shop 1 and 11 Sabrina Building, Victoria Parade, Suva
Telephone:	+679 3304 130
Compiled by:	Roqiqi Korodrau (CFO)

Notice of the Annual General Meeting

Notice is hereby given that the 2024 Annual General Meeting of the members of Free Bird Institute Limited will be held on Saturday 25 May 2024 at 12pm at Lautoka City Council Boardroom.

Alternatively, shareholders may participate in the AGM virtually.

Order of Business

1. Apologies
2. Determination of Proxies and quorum
3. Address by the Executive Chairman, Mr Hiroshi Taniguchi
4. AGM Presentation by the Chief Financial Officer, Mr Roqiqi Korodrau
5. General Business
6. Ordinary Business
7. Other/Special Business
8. Close

To participate in the Virtual AGM, both Shareholders and stakeholders must complete the form found on page 75 and adhere to the instructions on the same page regarding where to submit the completed form and the deadline for submission.

The details of the agenda for the meeting is provided herein:

Agenda

1. General Business:

Minutes of the last AGM

To receive, consider and adopt the Minutes of the last Annual General Meeting held on 27 May 2023 as a true and correct record of the meeting.

2. Ordinary Business:

(a) Audited Financial Statements for the year ended 31 December 2023

To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2023 comprising of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, directors' report, statement by the directors and the Report of the Auditors together with the notes comprising significant accounting policies and other explanatory information for the year then ended.

(b) Appointment and Retirement of Directors

To consider and if thought fit; pass the following resolutions as ordinary resolutions:

HIROSHI TANIGUCHI

Hiroshi retires in accordance with Article 3.4 of the Company's Board Charter and being eligible offers himself for re-appointment as a Director of the Company.

YOKO NAMEKI

Yoko retires in accordance with Article 3.4 of the Company's Board Charter and will not be offering herself for re-appointment as a Director of the Company.

TAKUMI KAWAI

Takumi retires in accordance with Article 3.4 of the Company's Board Charter and will not be offering himself for re-appointment as a Director of the Company.

RINA KUMAR

Rina retires in accordance with Article 3.4 of the Company's Board Charter and will not be offering herself for re-appointment as a Director of the Company.

RATU TEVITA MOMOEDONU

Tevita being eligible offers himself for appointment as a Director of the Company. The Board propose that he be appointed to the Board as a replacement for Takumi Kawai.

KEN KAWAMURA

Ken being eligible offers himself for appointment as a Director of the Company. The Board propose that he be appointed to the Board as a replacement for Yoko Nameki.

SANGITA SINGH

Sangita being eligible offers herself for appointment as a Director of the Company. The Board propose that she be appointed to the Board as a replacement for Rina Kumar.

(c) Appointment of Auditors

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

Pursuant to the Articles of Association of the Company, Messrs Ernst and Young, Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold office, from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the Company at a remuneration as may be decided by the Board with the mutual consent of the auditors.

(d) Final Dividends 2023.

The Board proposes that no further dividend be declared with respect to the 2023 financial year and that the interim dividend declared in October 2023 be considered final dividend for 2023.

Special Business:

All other business transacted at an AGM is special business.

By order of the Board of Directors.



Roqiqi Korodrau

Company Secretary

NOTES:

1. Explanatory Notes containing information in relation to each of the following resolutions accompanies the Notice of Meeting.
2. A member who is unable to attend the meeting is entitled to appoint a proxy to attend the meeting and vote on his behalf.
3. The proxy need not be a member of the company or the proxy must be a member of the Company [in accordance with Articles of Association of the Company]
4. A proxy form is enclosed with this notice of meeting. To be effective the form must reach the registered office of the company not less than 48 hours before the time for holding the meeting.

Explanatory Notes

The following notes are intended to provide shareholders with sufficient information to assess the merits of the resolutions contained in the Notice of the Annual General Meeting.

The Directors recommend that all the Shareholders read these explanatory notes in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the Notice of Meeting.

(a) Adoption of Financial Statements

The Audited financial statements for the year ended 31 December 2023 comprising of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, Reports of the Directors and Auditors included in the 2023 Annual Report will be tabled to the shareholders at the AGM for consideration and adoption in line with the Company's Articles of Association and relevant provisions of the Companies Act 2015.

The Chairman of the meeting will allow a reasonable opportunity for shareholders to ask relevant questions about or make comments on these reports. Shareholders will be given a reasonable opportunity to ask the company/auditor questions about the conduct of the audit and the content of the Directors'/Auditors' Report. Questions that cannot be answered at the AGM needs to be addressed through a market announcement by the Company within a reasonable timeframe.

(b) Election of Directors

(i) Hiroshi Taniguchi

Hiroshi is an avid businessman who is also the founder of the Company. In addition to this, he also holds the position of Chief Executive Officer.

His rapid growth mind-set and processual strategic approach has given him the ability to identify new business opportunities that has enabled the Company to diversify and expand its operations over the years. With an extensive experience in the Asian market, he is able to recognise the demands of the market and effectively allocate the appropriate resources and skills where necessary in the Company.

He also holds the position of Executive Chairman for the parent company, South Pacific Free Bird Co Ltd in Japan, an adviser of Scala Partners Ltd in Japan & Myanmar and a committee member of several Charitable Trusts in Japan.

(ii) Ratu Tevita Momoedonu

Ratu Tevita Momoedonu brings over 15 years of extensive experience in the civil service, coupled with nearly a decade of dedicated service at the Bank of the South Pacific. Before his resignation, he held the position of Western Division president for the People's Alliance Party.

Subsequently, he stepped into a pivotal role as the Special Administrator of the Lautoka City Council.

His track record in these influential roles underscores his adeptness at navigating complex organizational challenges and driving strategic initiatives.

His substantial leadership experience positions him as a highly suitable candidate for the Board position, where his skills and insights can be leveraged to enhance governance and strategic decision-making.

(iii) Ken Kawamura

Ken Kawamura brings a wealth of expertise in marketing strategy consulting to the table, leveraging his experience in Japan. As the CMO of a law firm and a Marketing Consultant at Procmo Co., Ltd., he excels in acting as an external Chief Marketing Officer (CMO) to foster transformative "moments of change" for businesses. His mission is to maximize the return on

investment (ROI) in marketing for client companies, significantly boosting their profitability.

Ken's comprehensive support extends to developing marketing strategies, managing budgets and performance, and participating in executive management committees. He plays a key role in revitalizing businesses through marketing reform initiatives and aids in the creation of new international ventures, particularly in developing countries. Ken also specializes in lead generation, business scheme construction, advertising optimization including pay-per-click campaigns, and overseeing diverse production tasks across digital and traditional platforms. His strategic insight and holistic approach make him a pivotal asset to any organization aiming to enhance its market presence and operational efficiency.

(iv) Sangita Singh

Sangeeta Singh has amassed a wealth of experience over the past 20 years, holding significant roles in various sectors including education, insurance, and financial services. She has been instrumental in her role as the Chief Executive Officer at the Fiji Teachers Registration Authority since 2019, following a series of progressive positions at the University of the South Pacific and notable private and public enterprises. Mrs. Singh's academic background is equally impressive, featuring a Master of Arts in Governance and a Masters of Business Administration from USP, which underscores her commitment to continuous professional development. Her leadership style is characterized by a strong belief in empowering others, making her a valued advocate for women's empowerment and professional excellence. This blend of extensive experience and personal ethos makes Mrs. Singh a distinguished candidate for the Board.

These Directors will be appointed subject to regulatory approval after their election at the AGM.

(c) Appointment of Auditors

The Board proposes to re-appoint the retiring Auditors to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting at a remuneration as may be mutually agreed between the Board and the Auditors. The retiring Auditors Messrs Ernst and Young, Chartered Accountants, being eligible, offer themselves for appointment.

(d) Final Dividends 2023

In October 2023, the Board had declared an interim dividend of \$0.12/share totalling \$286,250 dividends declared.

The market share price at the time of declaration was \$3.49 which meant the return on investment was a 3.44%

The Board proposes that no further dividend be declared with respect to the 2023 financial year and that the interim dividend declared in October 2023 be considered final dividend for 2023.

Proxy Form

Name of Member: _____

Registered Address: _____

SIN: _____

I/We, being the member(s) of _____ shares of the above-named Company, hereby appoint:

Name _____, of _____ or failing that;

Name _____, of _____ as my/our proxy to attend and vote on a show of hands and poll on my/our behalf at the Annual General Meeting of the Company, to be held on Saturday 25 May 2024 at 12pm at Lautoka City Council Boardroom or via Zoom and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Resoluti on No.	Resolutions	Optional		
		For	Against	Abstain
1	General Business: Adoption of 2023 AGM Minutes			
	Ordinary Business:			
2(a)	Adoption of Financial Statements			
2(b) (i)	Election of Director – Hiroshi Taniguchi			
2(b) (ii)	Election of Director – Tevita Momoedonu			
2(b) (iii)	Election of Director – Ken Kawamura			
2(b) (iv)	Election of Director – Sangita Singh			
2(c)	Appointment of Auditors			
2(d)	Ratification of no dividend payment			
	<i>(Any other business in conformity with the Articles of Association)</i>			

Signed this _____ day of _____ 2024.

Signature of Member(s) _____

Proxy Form (continued)**Notes:**

1. It is optional to put an 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For'/'Against'/'Abstain' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
2. If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority to conduct a poll.
3. If a representative of the corporation is to attend the meeting, "Appointment of Corporate Representative" should be filled in. If the Corporate Representative wishes to appoint a Proxy, this Form must be duly filled in.
4. This Proxy Form must be received by the Company:

(i) via mail : The Company Secretary
Free Bird Institute Limited
P.O Box 11065
Waimalika, Nadi, Fiji

OR

(ii) Hand delivered to:
Office 1, First Floor,
Lot 13 Commercial Street,
Concave Subdivision, Namaka, Nadi, Fiji

OR

(iii) Email to: companysecretary@fbi.ac.fj

By/before 12pm on 23rd May 2024, being 48 hours before the commencement of the meeting. Any Proxy Form received after the specified time and date will not be valid for the scheduled meeting.

Appointment of Corporate Representative

This form may be used by a Company or other body corporate which is a security holder or which has been appointed as a proxy by a security holder.

Insert the name of the body corporate making the appointment.

Hereby appoints

Insert the name of the appointee. Please note that multiple representatives can be appointed but only one representative may exercise the body corporate's powers at any one time.

to act as its representative at:

☐ All meetings: OR

☐ the meeting held on _____ (insert date)

Of Free Bird Institute Limited.

Signatures – this must be completed.

Director: _____ Sole Director & Sole Secretary _____

Director/Company Secretary: _____

Notes:

1. In order to be effective, this form must be received by Free Bird Institute Limited within the time limit specified in the relevant Company's Articles of Association which is by/before 12pm on 23 May 2024 for receipt of Corporate Representative Appointments. The original of this form will be retained by the Company.
2. A Body corporate may appoint an individual as a representative to exercise all or any of the powers the body corporate may exercise at meetings of a Company's members, creditors or debenture holders. The appointment may be by reference to a position held provided the appointment identifies the position.
3. The appointment must be executed in accordance with the body corporate's Articles of Association and (if applicable) section 53 of the Companies Act 2015. An appointment may be a standing one, which will continue until revoked.
4. If more than one representative is appointed, only one representative may exercise the body corporate's power at any one time.
5. If the corporate representative wishes to attend online, only the nominated corporate representative should complete the Online Registration Form on the next page.

Online Registration Form

Name(s) of shareholder(s)	
Shareholder Identification Number (SIN)	
Full name of online attendee	
Email address of online attendee	
Contact number for online attendee	
Indicate whether	<input type="checkbox"/> Shareholder <input type="checkbox"/> Proxy for shareholder(s) <input type="checkbox"/> Corporate Representative of a Company or Body Corporate
Signature of online attendee	

Important Notice

1. Full name and voter identification card number/passport number(s)/company registration number is required for purposes of verification.
2. By completing and submitting this form, you agree and acknowledge that the Company and/or our service provider may collect, use and disclose your personal data, as contained in your submitted form for the purpose of processing and effecting your request.
3. Photographic, sound and/or video recordings of the Company's AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Company's AGM. Accordingly, the personal data of a shareholder of the Company (such as his name, his presence at the Company's AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.
4. All registered shareholders, proxies and corporate representatives wishing to attend the AGM online will be sent an email invitation which will contain the ZOOM ID and password for the meeting. This email will be sent to the email address provided to us above.
5. Online attendees will be required to raise their hand to vote.
6. Please ensure that the completed form is received by Free Bird Institute Limited by/before 12pm on 23 May 2024 using the following means addressed to the Company Secretary:

Hand delivered: Office 1, Level 1, Lot 13 Commercial Street

Concave Subdivision, Namaka, Nadi, Fiji.

OR

Mail: P.O Box 11065
Waimalika, Nadi

OR

Email: companysecretary@fbi.ac.fj

Free Bird Institute Limited reserves the right to reject any incomplete form, incorrectly completed, illegible or for which the true intentions of the shareholder are not ascertainable from the instructions specified within this form.

