2021

Free Bird Institute Limited

Annual Report

OUR MARKETS

Czech Republic
Russia
South Korea
France
China
Japan
Taiwan
Papua New Guinea

TABLE OF CONTENTS

KEY HIGHLIGHTS

$3,718,607
Total revenue including finance income:
Decrease by 28% from prior year

452,952
Profit before tax:
Decrease by 43% from prior year

$2,728,951
Cash and cash equivalent
Increase by 55%

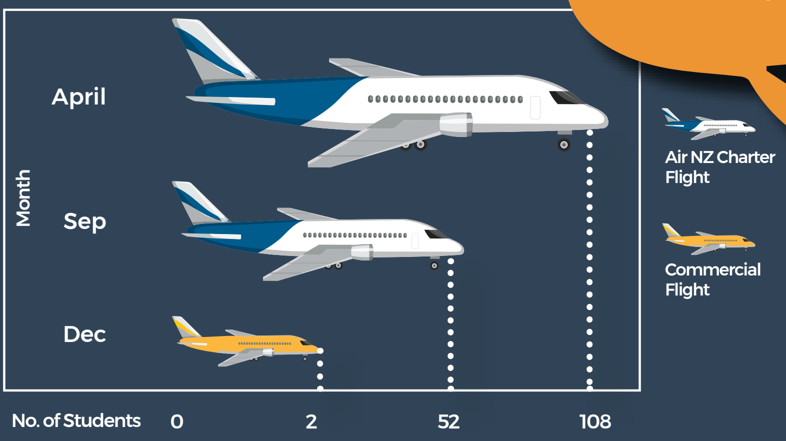
$3,159,671
Share capital
Increase by 58%

$5,619,569
Net assets
Increase by 1%

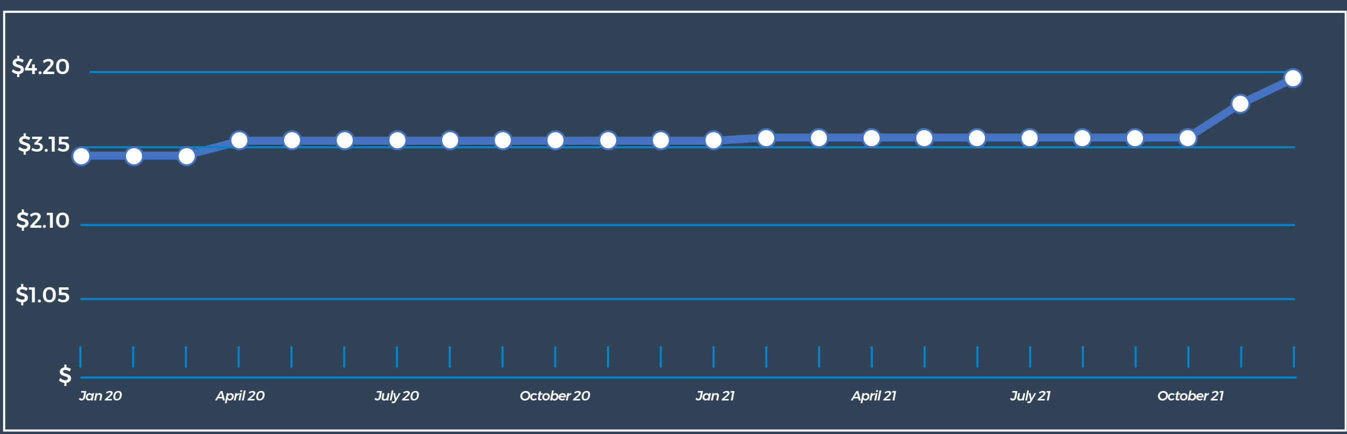
Rise of share price to $4.02/share

Declared $1.5 million in dividends

Student arrival during the year



Movement in share price from 2020-2021



SIGNIFICANT EVENTS OF 2021

18th February 2021 – Opens a new restaurant in Lautoka specializing in Japanese cuisines in order to diversify its business to capture local market.

18th April 2021 – FBL charters first flight of 2021 from Auckland to Nadi.

19th April 2021 - First case of COVID-19 in Fiji after almost one year ; resulting in the closure of our schools and office. All students were provided with online classes only. Since we had a lower number of students, staff working hours were reduced to 4 days a week. Necessary pay cuts were introduced to preserve company cash flow.

30th May 2021 – Following government announcement, face to face classes resumed under strict COVID-19 protocols. These protocols included but not limited to: 50% school capacity, company provided transport for pick up and drop offs, frequent temperature checks, enforcement of installation of CareFiji app.

19th July 2021 –School teams and administration offices have again closed as a result of one of our students testing positive for COVID-19.

21st July 2021 – Lautoka campus used as a managed isolation facility. This is in line with the company's stand to support the fight against COVID-19.

31st July 2021 – All employees have received at least one dose of the COVID-19 vaccine.

10th September 2021 – Yoko Nameki ceases to be an independent director but serves as a non executive non independent director. Lati Qoro ceases to be non executive non independent director but serves as independent director.

12th September 2021 – FBL charters second flight of 2021 from Auckland to Nadi.

18th November 2021 – Declaration of interim dividend of $0.75/dollar. Shareholders were given the option to receive dividends or reinvest their dividends in shares.

22nd November 2021 – Resignation of CFO, Waisale Iowane. Appointment of Roqiqi Korodrau and Timoci Taukei as CFO and Finance Manager respectively.

EXECUTIVE CHAIRMAN'S REPORT

Dear Shareholders,

It gives me great pleasure to share with you the company's 2021 Annual Report.

2021 will always be remembered in our history books as one of the most difficult years to operate our business as COVID-19 spread among the Fijian communities.

When news broke in April 2021, that an employee from a quarantine facility hotel may have spread COVID-19 to her community we knew that a chain of reaction was imminent.

The following months were difficult when we navigated our ways around the strict covid19 protocols that the government had placed in their effort to slow the spread of COVID-19.

We are grateful for the quick response from the relevant authorities in administrating the vaccination drive around the country which allowed the government to waive some of the strict covid19 protocols it had implemented.

Our performance:

The reduction in our profits in comparison to the same period in 2020 is a clear reflection of the impact of COVID-19 on our operations.

We chartered two flights; one in April and the other in September and this allowed us to generate $2.7 million in Service fee revenue.

Unfortunately, due to the global impact of COVID-19 our Japanese partners requested a temporary halt in our recruitment services which saw it decline by 75%.

Given that international borders were still closed, the company took this opportunity to open a restaurant specializing in Japanese cuisine in February 2021 in Lautoka. The restaurant was established with the goal of creating employment opportunities for the employees that unfortunately had to be made redundant during the pandemic and as a means of generating revenue at a time when international borders were still closed.

Sadly, the restaurant had to be closed for the remainder of 2021 after operating for only 2 months as tighter COVID-19 protocols were implemented by the government in an attempt to slow the spread of COVID-19.

The restaurant was then used to provide quarantine meals for our students who arrived in the 2 charter flights in 2021. This generated $163, 571 in revenue.

The pandemic also closed down a lot of recreational facilities which in turn meant a decrease in the demand of Fijian dollar currency from our students reducing the income we normally generate from in-house money exchange.

Tighter controls had to be put in place to control our costs as our revenue took a dip. Employees were either put on reduced working hours or reduced rates for the most part of the year. Termly bonuses which have been a long part of FBL tradition had to be temporarily suspended to preserve company cash flow.

We are also grateful to our landlords who provided us with discounted rent during the pandemic.

However, with all these challenges we still managed to generate a net profit after tax of $410,110 which was a decrease by 42% when compared to the same period last year.

Return to Shareholders

One of our goals is to continue to be able to provide you the best competitive returns for your investment.

With the impact of COVID-19 affecting the company from 2020, the company had not declared any final dividends for 2019 and 2020.

It is for this reason that we declared the highest dividend of $0.75 cents per share totaling $1.5 million in 2021.

For the first time ever, the company also introduced the "Dividend reinvestment plan" which allowed shareholders to reinvest their dividends at a discounted share price.

A lot of shareholders took advantage of this plan and I am proud to state that 77% of the dividends declared was reinvested back into the company.

This saw the share capital raise to $3.1 million from $2 million the previous year.

After the declaration of the dividend, the demand of the FBL shares rose in the market pushing the market share price to $4.02/share at the end of the financial year.

Economic Conditions

When the government took the necessary decision to close the international borders in an attempt to control the spread of COVID-19, it was obvious that this would impact our economic condition.

The Reserve Bank of Fiji press release No. 24/2021 dated 08/12/2021 mentioned that the Fijian economy contracted by close to 15.2% in 2020 and 4.1% in 2021.

This is by far one of the worst contractions we faced in Fiji.

The closure of resorts, recreational facilities, and sight-seeing in Fiji made marketing Free Bird Institute in Japan even more challenging.

On the other side of the world, Japan faced a similar situation. In 2020, Japan's GDP decreased by 4.59% compared to the previous year.

These harsh economic conditions meant that most of our Japanese students may re-consider the study abroad program.

However, we are grateful that despite this, we were still able to charter 2 flights to cater for students in Japan who were still willing to study abroad.

Future Outlook

Towards the end of 2021, the government had announced that our international borders would open from December 2021. The 14 days quarantine has also been slashed down to only 3 days. This is great news for us. It would make our study abroad program relatively cheaper.

As I pen this report, I have been told that from 07th April 2022 there would be no more quarantine for those entering the country. This coupled with our high vaccination rate in the country makes me optimistic of what the future holds for your company.

As we slowly crawl out of this pandemic, we are in the process of re-employing staff in anticipation of international students entering our borders again.

While we understand that our student numbers in the near future may not be as high as it was in the pre-Covid era, we anticipate that it would be better than what we had in the past 2 years.

However, we are mindful that while Fiji may have relaxed some of its COVID-19 regulations, tourists are currently not permitted to enter Japan. This has resulted in the suspension of direct flights into Japan which has a huge impact on the number of students coming to our schools in Fiji and those who need to return to Japan.

Despite this, our marketing teams in Japan have been working tirelessly to market Free Bird Institute to Asian students and assist our students in finding alternative routes to and from Fiji.

Meanwhile, we are also actively marketing our schools in China and we are determined to growing this market with more favorable terms agreed with our Chinese agents.

We understand that this has been a difficult time for everyone and we appreciate your continuous support as we continue to navigate through it together.

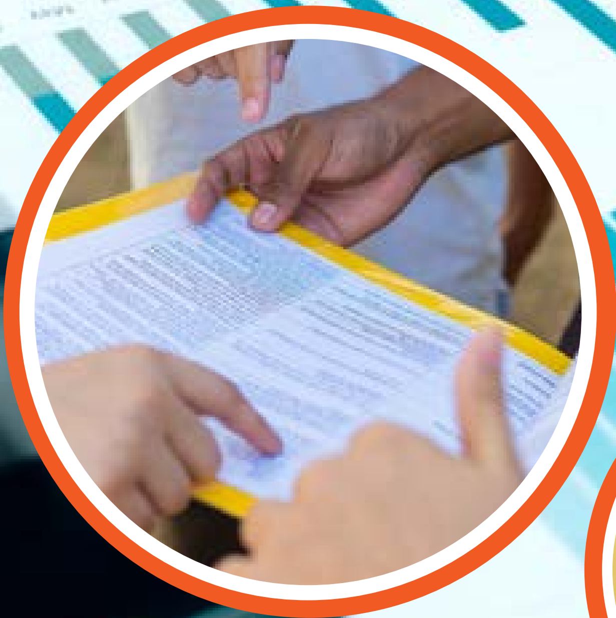
Thank you.

Hiroshi Taniguchi

CHAIRMAN

FINANCIAL HIGHLIGHTS

	2021	2020	2019	2018	2017
Total revenue (including finance income)	3,718,607	5,134,551	6,126,899	6,372,685	6,323,178
Net profit before tax	452,952	792,158	719,591	913,428	1,185,288
Net profiit before tax % margin	12%	15%	12%	14%	19%
Cash and cash equivalent as a % of total assets	37%	22%	22%	32%	48%
Cash and cash equivalent as a % of total liabilities	162%	76%	64%	145%	179%
Working capital ratio	6.85	4.43	3.58	4.66	4.49
Net asset per share	2.37	2.77	2.42	2.21	1.89
Debt to equity ratio	0.30	0.42	0.51	0.28	0.36
Earnings per share (cents)	17.27	35.52	31.95	40.19	52.89
Closing share price as at 31 December	4.02	3.20	3.00	3.05	2.55
Current assets	4,267,271	4,764,097	4,112,975	3,604,271	3,047,053
Non current assets	3,033,758	3,106,214	3,213,277	2,056,517	2,112,930
Total assets	7,301,029	7,870,311	7,326,252	5,660,788	5,159,983
Current liabilities	622,795	1,076,050	1,148,390	773,341	679,302
Non-current liabilities	1,058,665	1,244,473	1,338,461	477,101	694,099
Total liabilities	1,681,460	2,320,523	2,486,851	1,250,442	1,373,401
Shareholders' equity	5,619,569	5,549,788	4,839,401	4,410,346	3,786,582




RVCA

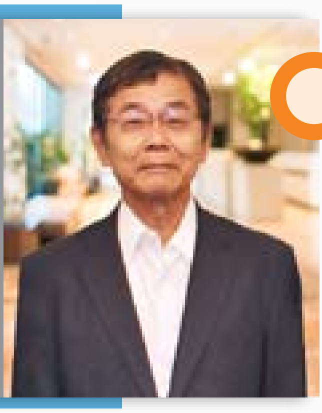
BOARD OF DIRECTORS

Mr. Hiroshi Taniguchi

Executive Chairman

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.



Yoshinobu Higashi

Non-Executive Non-Independent Director

Yoshinobu is a lawyer by profession with over 35 years of experience working in the Japanese cabinet holding various key leadership roles including diplomatic postings such as Japan's Ambassador to Romania from 2008 to 2009. His international relations and diplomacy network is vital in strategic alliances with stakeholders in the international market, a key in our relationship management initiatives.

He holds a Bachelor of Laws degree from the University of Tokyo and also serves as a director with the parent company, South Pacific Free Bird Co Ltd in Japan.

Mereseini Baleilevuka

Executive Director

Mereseini is a teacher by profession and a serial entrepreneur with over 20 years of teaching experience in Fiji. She also holds the position of Chief Operating Officer at the Company. Her vast experience in the education sector gives her the ability to strategically design the appropriate curriculum to suit the students. Her familiarity with the business for over 10 years gives her the profound knowledge and skills to conceptualise growth and effectively communicate with key stakeholders of the business.

She holds a Bachelor of Arts degree in Education and English literature from the University of the South Pacific.

Adi Litia Qionibaravi

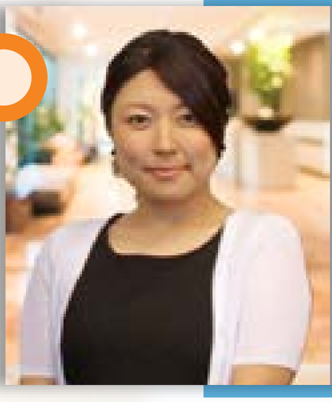
Non-Executive Independent Director

Hon. Adi Litia brings a wealth of knowledge and experience to the board having a diverse professional background in Accounting and Law. She has held key positions in the past including serving as the Chief Executive of the Fijian Affairs Board. She led the strategic transformational changes that enabled the organisation to be more forward looking and dynamic. Her invaluable network reinforces the board's relationships with key stakeholders that ensures processes involved with the expansion & growth plans of the business are adequately addressed with the highest level of integrity.

She holds an Masters in Business Administration & Law, a Bachelor of Law (LLB) degree from Bond University at the Gold Coast, Australia and a Bachelor of Arts degree in Accounting from the University of the South Pacific.

Yoko Ishimoda Nameki

Non -Executive Non- Independent Director



Yoko has over 15 years of extensive experience in sales in the educational tourism sector both in the USA and Japan. This is demonstrated in the key roles she held in the past as a Director of the Japanese department for the SISA English language school in California and as the General Manager sales of the High School department for the parent company South Pacific Free Bird Co Ltd. Her understanding of the market and customer needs has led to the Company's successful market penetration and continuous development of the high school market in Japan over the years.

She holds a Bachelor of Business Management degree from Fort Hays State University in Kansas, USA.

In September 2021, Yoko had ceased to become an independent director and has since served the Board as a non-executive non independent director.

Waisale Iowane, CPA

Non-Executive Director

Waisale is a finance professional with over 10 years of experience including over 4 years in the professional service firms including the big 4. His contribution in the business as the former Chief Financial Officer was key in driving innovation as well as supporting the growth and expansion plans of the business. His transformational leadership ability facilitates the necessary adaptive changes and value creation that are eminent in today's ever changing business landscape.

He holds a Bachelor of Commerce degree in Accounting & Banking from the University of the South Pacific and is an alumnus of Leadership Fiji. He is also a Certified Practising Accountant with CPA Australia and a Chartered Accountant with the Fiji Institute of Accountants.

After his resignation as the Chief Financial Officer in November 2021, he serves as a non-executive Director.

Latileta Qoro

Non-Executive Independent Director

Latileta is a corporate finance and human capital management specialist with over 13 years of professional experience. Her professional expertise is in the areas of corporate finance, strategic planning, corporate governance, policy development and human capital management. She is currently the General Manager – Group Governance and HR at Vinod Patel and has over the years held key positions at the Reserve Bank of Fiji and the South Pacific Stock Exchange.

She holds a Master of Commerce degree in Accounting and a Bachelor of Economics degree from the University of Sydney, Australia.

In September 2021, Lati had ceased to become a non-executive non- independent director and has since served the Board as an independent director.

MANAGEMENT TEAM

Roqiqi Korodrau

Chief Financial Officer

Roqiqi has over 9 years of progressive experience in finance having worked in the professional services firm, Ernst & Young as well as working as the Finance Manager in the hospitality industry in the Cook Islands. He also held the position of Finance Manager for over 4 years prior to his appointment as CFO of the Company. He also serves as the company secretary.

He holds a Bachelor of Commerce Degree in Accounting & Information System from the University of the South Pacific.

Losalini Tagiteci

HR/Administration Manager

Losalini has been with the company since 2007 and has held various positions within the organisation. She started her career with FBL as an Accounts Officer and worked her way up the ranks to Manager Accounts and now the HR & Admin Manager. She holds a Bachelor's of Arts in Economics and Management & Public Administration from the University of the South Pacific and a Diploma in Business Studies from the Fiji National University. She has also completed the Reserve Bank of Fiji's Securities and Licensing Exam.

Timoci Taukei

Finance Manager

Timoci began his career in the banking industry before joining FBL in 2013 as a graduate accountant. In 2014, Timoci joined the Tourism Industry before rejoining the company in May 2018 as the company's Financial Accountant before being promoted to Finance Manager in November 2021.

Timoci holds a Bachelor of Commerce degree majoring in Accounting and Banking from the University of the South Pacific.

Seru Raconawa

Dean

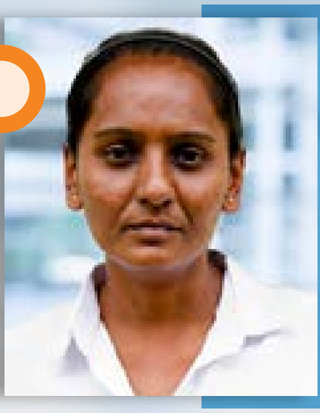
Seru holds an Advance Diploma in Leadership and Management. He also holds a certificate of Primary School Teaching from the Lautoka Teachers College.

He joined the Company in 2011 and has held various positions in the company and gradually moving into more senior roles in the school operations.

Reshma Naidu

Dean

Reshma holds a Masters Degree in Arts In Teaching English As A Second Language. She also holds a Postgraduate Diploma In Teaching English As A Second Language both obtained from the University of Fiji. She joined the Company in 2017 and has held various positions in the business and gradually moving into more senior roles in the school operations.



Marica Rebaleveu

ESL Manager – High School

Marica is a qualified ESL teacher by profession and has been with the company since 2008. She is responsible for the administration of the school curriculum in consultation with the Principal.

She holds a Master of Arts and Post Graduate Diploma in Teaching English as Second Language from the University of Fiji. She also holds an International Diploma in Every English for Everyone from Cambridge International College and a Diploma in Industrial Laboratory Technology from the Fiji National University.

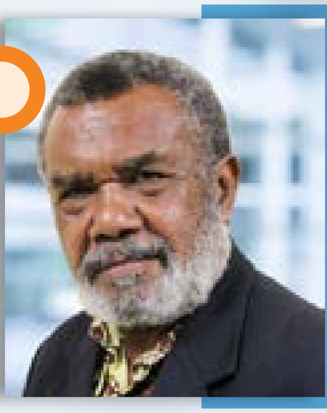
Meli Tora

Special Administrator – High School

Meli has extensive experience in the Education industry in Fiji having held various teaching positions for over 30 years including holding Principal posts for various High Schools for over 13 years.

His expertise in administrating the various schools in his various capacities brings value to the Company in ensuring that the learning environment of our international students that attend the various high schools in Fiji are conducive for them.

Meli holds a Bachelors of Arts from the University of the South Pacific, a Diploma in Education and Primary Teachers Certificate from the then Nasinu Teachers College.



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.	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. 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. The board delegates and oversees management responsibilities.
	Board charter: Adopt a board charter detailing functions and responsibilities of the board.	The board has a charter which sets out the roles, functions, obligations, rights, responsibilities and powers of the board. 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.
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.	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. 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. FBL currently has one third 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.

2. Constitute an effective board	**Gender diversity:** Do you have a policy for promoting gender diversity at board level and have you achieved your policy goals?	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, 57% of the current board are women.
	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.	While FBL does not have a nomination committee, all appointments and election of directors are confirmed at the annual general meeting done each year.
	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.	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. The board looks at implementing this policy in 2022.
	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 committee/ - recruitment committee.	While there were plans to have this committees established in 2021, the second wave of covid19 forced the board to postpone the establishment of this committees. However, we are now anticipating implementing two sub-committees in 2022 which will comprise of the audit & risk committee and the nominations & recruitment committees. The board charter also recommends that these committees be chaired by a non-executive director. At present, in the absence of these committees, all decisions pertaining to audit, risk, nomination, and or recruitments are made by the main board.
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.	All transactions with all related parties are disclosed in the notes to the financial statements each year.
	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.	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.
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.	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. 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. 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.

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.	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. 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.
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.	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. 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. 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 CSRL platform and are able to communicate with the registry in terms of shareholding queries.
	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.	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
	Grievance redressal mechanism: To establish a grievance redressal mechanism for shareholders to address shareholders complaints and grievances.	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.
	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's Company 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 2022 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 2022. 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, spse rules or companies act. [Refer rule 68 of the listing rules]	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 whistleblowers 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 2021

FREE BIRD INSTITUTE LIMITED

Directors' Report

For the year ended 31 December 2021

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 2021 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)
Mereseini Baleilevuka
Yoshinobu Higashi
Waisale Iowane
Yoko Nameki
Adi Litia Qionibaravi
Latileta Qoro

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 2021 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, recruitment services together with any other services associated with the recruitment and a restaurant.

Results

The recorded net profit of the Company after income tax expense of $42,842 (2020: $81,771) for the year amounted to $410,110 (2020: $710,387).

Dividends

An interim dividend of $1,500,000 was declared during the year of which $340,329 was paid and $1,159,671 reinvested as share acquistion (2020: Nil).

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.

Going concern

The directors continue to have a reasonable expectation that the Company has adequate resources to continue operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

The directors assessment is based on the government decision to re-open international borders in December 2021, the reduction in quarantine days and the high vaccination rate in Fiji.

For the year ended 31 December 2021, the Company recognised a net profit of $410,110 (2020: $710,387). The Company's net current assets as at 31 December 2021 was $3,644,476. The Company has $3,270,597 of liquid assets comprising cash and cash equivalents and term deposits available at the balance date.

Based on these factors, management has a reasonable expectation that the Company has adequate resources and will be able to continue its operations for at least 12 months from the date of signing of this report.

Significant events

In April 2021, Fiji recorded it's second wave of Covid-19 resulting in the closure of schools and offices. The students were provided with online classes which eventually led to the decline in student numbers and reduced working hours for staff.

Following the Fijian government annoucement on 30 May 2021, face to face classes resumed under strict Covid-19 protocols for our language schools.

In December 2021, Fiji recorded it's third wave of Covid-19. There was no closure of the international borders as a result of this.

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:

	Beneficially		Non-beneficially	
	Additions	Holding	Additions	Holding
Yoshinobu Higashi	-	31,067	-	-
Hiroshi Taniguchi	-	155,000		

Dated at Nadi this 28th day of March 2022.

Signed in accordance with a resolution of the Directors.

Director **Director**

Statement by Directors

For the year ended 31 December 2021

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 2021;

(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 2021;

(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 2021;

(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 2021;

(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 Nadi this 28th day of March 2022.

Signed in accordance with a resolution of the Directors.

Director **Director**

Independence Declaration

For the year ended 31 December 2021

Auditors Independence Declaration under Section 395 of the Companies Act 2015

To the Directors of Free Bird Institute Limited

As required under Section 395 of the Companies Act 2015, we declare that to the best of our knowledge and belief, in relation to the audit for the year ended 31 December 2021 and up to the date of this report there have been:

i). no contraventions of the Auditor independence requirements as set out in the Companies Act 2015 in relation to the audit; and
ii). no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Sharvek Naidu

Partner

Nadi, Fiji

28 March, 2022

KPMG

Independent Auditors' Report

To the Shareholders of Free Bird Institute Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Free Bird Institute Limited ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out in notes 1 to 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants 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 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion, thereon, and we do not provide a separate opinion on these matters.

Revenue comprises a series of revenue streams out of which the following was considered to be a key audit matter due to the complexity and judgment involved:

- Revenue recognition - Service fee

<table>
<tr><th colspan="2">Revenue recognition – Service fees ($2,670,009)</th></tr>
<tr><td colspan="2">Refer to Note 4(g) of the financial statements</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Revenue recognition - Service fees is a key audit matter due to:
• the significance of Service fees to the financial statements (74% of the total revenue); and</td><td>Our procedures included:
• Obtaining understanding of the Company's key processes for recognition of Service fees.</td></tr>
</table>

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

• the additional audit effort required in assessing the application of IFRS 15 *Revenue from contracts with customers* due to the various services provided to students, differing rates for each type of service and billing arrangements to customers.	• Evaluating the appropriateness of the Company's revenue recognition policies against the requirements of IFRS 15 *Revenue from contracts with customers*.
	• We recalculated the service fee revenue charged to the parent company and compared it to the actual revenue recorded. The attributes used and the calculations performed are as follows:
	    o The number of students multiplied by the number of days in a month of tuition provided multiplied by the agreed fee per student per day.
	    o The number of homestay nights paid for by the Company to homestay providers during the year multiplied by the agreed fee per student.
	    o The number of dormitory nights occupied during the year multiplied by the agreed fee per student.
	    o The number of students for which visas were applied for multiplied by the agreed fee per student.
	• The attributes used in the service fee recalculation were also tested. We selected a sample of students where service fee is billed to the parent company during the year and checked:
	    o The students were registered on the student database maintained by the parent company to have been billed for tuition.
	    o The type of accommodation, the student had selected. In addition, we checked evidence the student had arrived in the country for the service to have been rendered for the relevant period.

KPMG

Independent Auditors' Report

To the Shareholders of Free Bird Institute Limited

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

	o Visa application for students were made and approved. • We checked service fees billed for the year to the parent company against receipts in the bank statements. • For other agents, we checked a sample of service fees billed for the year against the receipts in the bank statements. We then recalculated the amount to be recognised as revenue based on the pro-rata enrolled period during the financial year multiplied by the amount billed for the respective student. We checked the enrolled period against the dates confirmed by other agents. • We tested a sample of service fees recorded immediately post year-end. We evaluated the timing and amount recognised in comparison to underlying records including invoices and bank statements receipts. • Assessing the operating segment disclosure relating to the service fees against the requirements of the accounting standard and evidence obtained throughout our audit.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report and Directors' report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein of this other information, we are required to communicate that fact. We have nothing to report in relation to the Directors' report.

KPMG

Independent Auditors' Report

To the Shareholders of Free Bird Institute Limited

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 management's 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 a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

KPMG

Independent Auditors' Report

To the Shareholders of Free Bird Institute Limited

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion:

i). proper books of account have been kept by the Company, sufficient to enable financial statements to be prepared, so far as it appears from our examination of those books; and

ii). to the best of our knowledge and according to the information and explanations given to us the financial statements give the information required by the Companies Act 2015, in the manner so required.

KPMG

KPMG

Sharvek Naidu

Partner

Nadi, Fiji

28 March 2022

FREE BIRD INSTITUTE LIMITED

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

	Note	2021 $	2020 $
Revenue from contracts with customers			
Service fees	7	2,670,009	2,867,067
Charter flight	7	163,837	1,204,500
Recruitment services	7	85,570	336,683
Restaurant	7	163,571	-
		3,082,987	4,408,250
Other revenue			
In-house insurance premiums	8	461,193	502,671
Other income	9	50,356	65,093
		3,594,536	4,976,014
Expenses			
In-house insurance claims	10	(23,795)	(31,493)
In-house insurance commission expense	11	(183,275)	(203,199)
Direct operating expenses	12	(1,118,762)	(2,009,091)
Depreciation	22 / 23	(191,389)	(193,011)
Personnel expenses	13	(1,256,275)	(1,443,155)
Other expenses	14	(313,883)	(344,411)
Profit from operations		507,157	751,654
Finance income	15 (a)	124,071	158,537
Finance cost	15 (b)	(178,276)	(118,033)
Net finance (costs) / income		(54,205)	40,504
Profit before tax		452,952	792,158
Income tax expense	16 (a)	(42,842)	(81,771)
Profit for the year		410,110	710,387
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		410,110	710,387
Earnings per share			
Basic and diluted earnings per share	30	$ 0.17	$ 0.36

The notes on pages 37 to 66 are an integral part of these financial statements.

FREE BIRD INSTITUTE LIMITED

Statement of changes in equity

For the year ended 31 December 2021

	Share capital $	Retained Earnings $	Equity contribution reserve $	Total $
Balance at 1 January 2020	2,000,000	2,584,164	255,237	4,839,401
Total comprehensive income for the year				
Profit for the year	-	710,387	-	710,387
Total comprehensive income for the year	-	710,387	-	710,387
Transactions with owners of the Company				
Contributions and distributions				
Dividend declared and paid - refer Note 29 (d)	-	-	-	-
Total transactions with owners of the Company	-	-	-	-
Balance at 31 December 2020	**2,000,000**	**3,294,551**	**255,237**	**5,549,788**
At 1 January 2021	2,000,000	3,294,551	255,237	5,549,788
Total comprehensive income for the year				
Profit for the year	-	410,110	-	410,110
Total comprehensive income for the year	-	410,110	-	410,110
Transactions with owners of the Company				
Contributions and distributions				
Issue of share capital - refer Note 29 (d)	1,159,671	-	-	1,159,671
Dividend declared - refer to Note 29 (d)	-	(1,500,000)	-	(1,500,000)
Total transactions with owners of the Company	1,159,671	(1,500,000)	-	(340,329)
Balance at 31 December 2021	**3,159,671**	**2,204,661**	**255,237**	**5,619,569**

The notes on pages 37 to 66 are an integral part of these financial statements.

FREE BIRD INSTITUTE LIMITED

Statement of financial position

For the year ended 31 December 2021

Assets	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	17	2,728,951	1,760,687
Trade and other receivables	18	905,367	1,167,098
Term deposits	20	541,646	1,763,907
Current tax assets	16 (d)	41,572	33,682
Prepayments	19	49,735	38,723
Total current assets		4,267,271	4,764,097
Non-current assets			
Trade and other receivables	18	84,529	84,529
Term deposits	20	74,435	50,000
Equity investments	21	21,400	21,500
Right-of-use assets	22	1,034,602	1,114,422
Property, plant and equipment	23	1,799,289	1,834,172
Deferred tax asset	16 (c)	19,503	1,591
Total non-current assets		3,033,758	3,106,214
Total assets		7,301,029	7,870,311
Liabilities			
Current liabilities			
Trade and other payables	24	122,149	244,205
Contract Liabilities	25	24,481	102,564
Payable to related parties	26	36,846	58,946
Interest bearing borrowings	27	127,604	289,101
In-house insurance liabilities	28	236,168	311,392
Lease liabilities	22	58,679	54,747
Employee benefits		16,868	15,095
Total current liabilities		622,795	1,076,050
Non-current liabilities			
Lease liabilities	22	1,058,665	1,117,389
Interest bearing borrowings	27	-	127,084
Total non-current liabilities		1,058,665	1,244,473
Total liabilities		1,681,460	2,320,523
Shareholders' equity			
Share capital	29 (b)	3,159,671	2,000,000
Retained earnings		2,204,661	3,294,551
Equity contribution reserve	29 (c)	255,237	255,237
Total shareholders' equity		5,619,569	5,549,788
Total shareholders' equity and liabilities		7,301,029	7,870,311

Signed on behalf of the Board

Director **Director**

The notes on pages 37 to 66 are an integral part of these financial statements.

FREE BIRD INSTITUTE LIMITED

Statement of cash flows

For the year ended 31 December 2021

	Note	2021 $	2020 $
Operating activities			
Receipts from customers		2,759,337	4,133,394
Payment to suppliers and employees		(2,841,900)	(3,837,485)
In-house insurance premiums received		284,476	177,598
In-house insurance claims paid		(23,795)	(31,493)
Interest received		203,888	55,815
Income tax paid	16 (d)	(68,645)	(70,985)
Interest paid	27	-	(3,730)
Net cash from operating activities		313,361	423,114
Investing activities			
Acquisition of property, plant and equipment	23	(76,906)	(83,112)
Investment in term deposits	20	1,197,826	-
Net cash from / (used in) investing activities		1,120,920	(83,112)
Financing activities			
Dividends paid	29 (d)	(340,329)	-
Repayments of interest bearing borrowings	27	-	(76,468)
Payment of lease liabilities	22	(90,333)	(93,500)
Net cash used in financing activities		(430,662)	(169,968)
Net increase in cash and cash equivalents		1,003,619	170,034
Effect of movements in exchange rates on cash held		(35,355)	1,700
Cash and cash equivalents at 1 January		1,760,687	1,588,953
Cash and cash equivalents at 31 December	17	2,728,951	1,760,687

The notes on pages 37 to 66 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2021

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 recruitment services together with any other services associated with the recruitment.

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 **28 March, 2022**.

(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.

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 4(b)
Recoverability of deferred tax assets	Note 4(o)
Lease term and discount rate	Note 4(p)
Impairment of non-financial assets	Note 4(f)
Impairment of financial assets	Note 4(f)

(e) Going concern

The directors continue to have a reasonable expectation that the Company has adequate resources to continue operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

The directors assessment is based on the government decision to re-open international borders in December 2021, the reduction in quarantine days and the high vaccination rate in Fiji.

For the year ended 31 December 2021, the Company recognised a net profit of $410,110 (2020: $710,387). The Company's net current assets as at 31 December 2021 was $3,644,476. The Company has $3,270,597 of liquid assets comprising cash and cash equivalents and term deposits available at the balance date.

Based on these factors, management has a reasonable expectation that the Company has adequate resources and will be able to continue its operations for at least 12 months from the date of signing of this report.

3. Changes in significant accounting policies

a. Leases

In April 2020, the International Accounting Standards Board ("IASB") issued Covid-19-Related Rent Concessions (Amendment to IFRS 16). The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification which was effective till 30 June 2021.

However since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the IASB decided to extend the time period over which the practical expedient is available for use.

The Changes in Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) amend IFRS 16 to:

- permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021);

-require a lessee applying the amendment to do so for annual reporting periods beginning on or after 1 April 2021;

- require a lessee applying the amendment to do so retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment; and

3. Changes in significant accounting policies (continued)

a. Leases (continued)

- specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* .

As at 31 December 2021, the Company has adopted the amendment issued by the IASB in preparing these financial statements.

4. Significant 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.

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.

4. Significant accounting policies (continued)

(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.

(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.

4. Significant accounting policies (continued)

(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;
- 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.

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 2021 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;

4. Significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Business model assessment (continued)

- 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. 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.

4. Significant accounting policies (continued)

(e) Financial instruments (continued)

(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.

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.

4. Significant accounting policies (continued)

(f) Impairment (continued)

(i) Non derivative financial assets (continued)

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.

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 borrower or issuer;
- 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 borrower 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.

4. Significant accounting policies (continued)

(f) Impairment (continued)

(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.

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

Revenue from service fees is earned from the parent, SPFB and other agents. The Company provides various services to the students that are engaged via SPFB and other agents. These services include providing enrolment, tuition, arranging for student visas, providing students with accommodation which can be either homestay or dormitory, providing examinations and provision of high school teachers. SPFB and other agents are the customers of the Company.

The individual components of the services are not capable of being distinct as the customer cannot benefit from one component of the service on its own. Invoices to SPFB are issued on a monthly basis and are usually payable within 30 days. Invoices to other agents are issued on a per student basis and payable in advance of the service being provided and are included as contract liabilities in trade and other payables. Revenue is recognised over time as the services are provided to the student on the time elapsed.

Recruitment services

The Company is licensed to provide recruitment services and other related services in Fiji to Narita Airport Business Company Limited (NAAB). The Company provides the services of recruiting employees for NAAB and preparing the employees for working in Japan by providing Japanese preparatory classes. Invoices to NAAB are issued once services are provided. Revenue is recognised over time as the services are provided to the students based on the time elapsed method.

4. Significant accounting policies (continued)

(g) Revenue (continued)

Charter flight revenue

The Company obtained approval from Fiji Govenrment to charter flights in 2021 in order to bring students from Japan. The Company provides the services of chartering flights from New Zealand to Fiji for students who are interested in traveling to Fiji to utilise the language tuition and related services. During the year, the company had chartered flights twice which ceased when the Fijian Government re-opened Fiji's International borders to it's trading partners that includes Japan in December 2021.

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.

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 and are payable within 30 days. The general public pay cash on delivery of goods.

(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) Loans and borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(k) 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.

4. Significant accounting policies (continued)

(l) Finance income and finance cost

Finance income and expenses comprises interest income on term deposits, interest payable on borrowings 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.

(m) 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.

(n) 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.

(o) 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.

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.

4. Significant accounting policies (continued)

(p) Leases

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.

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 Company presents right-of-use assets and lease liabilities as separate line items in the statement of financial position (see note 22).

4. Significant accounting policies (continued)

(p) Leases

i. As a lessee under IFRS 16 (continued)

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.

COVID-19-related rent concessions

The Company has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Company applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Company assesses whether there is a lease modification.

ii. As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. As at 1 January 2021, the company did not have any leases for which it acts as a lessor.

(q) Comparative figures

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

(r) Inventories

The cost of inventories is based on the first-in first-out principle, and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. The Company did not hold any inventory at year end (2020: $Nil). The policy is to expense inventory when acquired as the Company does not consider inventory items to be material.

5. Standards issued but not yet effective

A number of new standards and amendments to the standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted, however the Company has not early adopted the following new or amended standards in preparing these financial statements.

IFRS 17 Insurance Contracts

IFRS 17 introduces a new measurement model for insurance contracts called the general measurement model. This model is based on a fulfilment objective and uses current assumptions. It introduces a single revenue recognition principle to reflect services provided and is modified for certain contracts. The standard is effective for annual periods beginning on or after 1 January 2023.

The Company has not performed a preliminary assessment of the potential impact of adoption of the above new standard on these financial statements.

The following new and amended standards are not expected to have a significant impact on the Company's financial statements:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

5. Standards issued but not yet effective (continued)

- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Disclosure of Accounting Policies (Amendments to IAS 21 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

6. 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.

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 $1,000,000 (2020: $1,000,000) 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; and
(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 2021 due to the strong financial position of the related parties. The amount of allowance did not change during 2021.

6. Risk management (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

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 recognised an impairment allowance against other receivables from Japanese Language School (JLS) students at 31 December 2021 due to the increased exposure to credit risk on these receivables.

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

	2021	**2020**
	$	**$**
Impairment loss on trade and other receivables	54,875	-
Movements in the allowance for impairment in respect of trade and other receivables		
Balance at 1 January	-	-
Allowance created during the year	54,875	-
Balance at 31 December	54,875	-

Cash and cash equivalents and term deposits

The Company held cash at bank of $2,728,790 (2020: $1,759,736) and term deposits of $616,081 (2020: $1,813,907) . 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 2021 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.

6. Risk management (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

	Carrying amount	Contractual cash flows Total	Up to 1 year	1-2 years	More than 2 years
31 December 2021	**$**	**$**	**$**	**$**	**$**
Trade and other payables	122,149	122,149	122,149	-	-
Payable to related parties	36,846	36,846	36,846	-	-
Interest bearing borrowings	127,604	130,221	130,221		-
	286,599	289,216	289,216	-	-
31 December 2020	**$**	**$**	**$**	**$**	**$**
Trade and other payables	244,205	244,205	244,205	-	-
Payable to related parties	58,946	58,946	58,946	-	-
Interest bearing borrowings	416,185	450,575	310,828	139,747	-
	719,336	753,726	613,979	139,747	-

(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	**2021**	**2020**
	$	**$**
Financial assets		
Term deposits	616,081	1,813,907
Cash and cash equivalents - short term deposits	48,345	1,095,558

A term deposit of $1,200,000 had matured on 31st December 2021 which was deposited into the Company's cash at bank on the same day. This was reinvested as a term deposit subsequent to year end.

Fixed rate instruments	**2021**	**2020**
Financial liabilities	**$**	**$**
Interest bearing borrowings	(127,604)	(416,185)
Lease liability	(1,117,344)	(1,172,136)

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

6. Risk management (continued)

(b) Financial risk management (continued)

(iii) Market risk (continued)

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:

	2021	**2020**
Financial assets	**Yen**	**Yen**
Trade receivables	35,447,771	26,986,334
Financial liabilities		
Interest bearing borrowings	7,011,851	22,274,006
Trade payable to related party	2,000,000	-

The above amounts are in Yen as at 31 December.

The following significant exchange rates have been applied:

	Year end spot rates	
	2021	**2020**
JPY	54.28	50.58

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

Effect in FJD	**Profit or loss**		**Equity, net of tax**	
	Strengthening	*Weakening*	*Strengthening*	*Weakening*
31 December 2021				
Financial assets	(65,305)	65,305	(58,775)	58,775
Financial liabilities	16,603	(16,603)	14,942	(14,942)
31 December 2020				
Financial assets	(53,354)	53,354	(48,503)	48,503
Financial liabilities	44,037	(44,037)	39,633	(39,633)

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

6. Risk management (continued)

(b) Financial risk management (continued)

(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 2021 are as follows:

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

7. 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.

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.
Recruitment services	Provision of employee recruitment services to Narita Airport Business Company Limited.
Charter Flight	Provision of charter flight for students to Fiji.
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.

7. Operating segments (continued)

(b) Information about reportable segments (continued)

	Reportable segments					
2021	**Service fees**	**In-house insurance**	**Recruitment services**	**Charter Flight**	**Restaurant**	**Total**
	$	$	$	$	$	$
External revenue	2,670,009	461,193	85,570	163,837	163,571	3,544,180
Other income	50,356	-	-	-	-	50,356
Interest income	13,572	83,647	-	-	-	97,219
Interest expense	(103,044)	-	-	-	(2,430)	(105,474)
Depreciation expense	(182,407)	-	-	-	(8,982)	(191,389)
Direct, personnel, insurance and other expense	(2,323,199)	(207,070)	(112,419)	(218,599)	(80,653)	(2,941,940)
Segment profit before tax	125,287	337,770	(26,849)	(54,762)	71,506	452,952
Segment assets	6,117,247	1,083,637	-	-	100,145	7,301,029
Segment liabilities	1,415,022	236,168	-	-	30,270	1,681,460
2020	$	$	$	$	$	$
External revenue	2,867,067	502,671	336,683	1,204,500	-	4,910,921
Other income	65,093		-	-	-	65,093
Interest income	50,774	107,763	-	-	-	158,537
Interest expense	(118,033)	-	-	-	-	(118,033)
Depreciation expense	(193,011)	-	-	-	-	(193,011)
Direct, personnel, insurance and other expense	(2,594,810)	(234,692)	(84,319)	(1,117,528)	-	(4,031,349)
Segment profit before tax	77,080	375,742	252,364	86,972	-	792,158
Segment assets	6,342,981	1,165,281	275,077	86,972	-	7,870,311
Segment liabilities	2,009,131	311,392	-	-	-	2,320,523

(c) Major Customer

Service fees from South Pacific Free Bird Company Limited represents $2,661,404 (2020: $2,804,530) and 74% (2020: 56%) of the Company's total revenues.

		Note	2021	2020
8.	**In-house insurance premium**		**$**	**$**
	Gross written insurance premium		426,713	629,795
	Premiums refunded during the year and third party taxes		(40,744)	(31,733)
	Unearned premium movement		75,224	(95,391)
			461,193	502,671
9.	**Other income**			
	Gain on modification of financial liabilities	27	-	25,093
	Miscellaneous		1,856	1,000
	Rental Concession due to COVID-19 *	22	48,500	39,000
			50,356	65,093

* This relates to rental concession received from various landlords as a result of COVID-19. Refer to Note 3(a) for further details.

		2021	2020
10.	**In-house insurance claims**	**$**	**$**
	Gross in house insurance claims incurred	23,795	31,493
		23,795	31,493
11.	**In-house insurance commission expense**		
	Commission expense	187,796	182,789
	(Less) / Add prepaid commission expense movement	(4,521)	20,410
		183,275	203,199
12.	**Direct operating expenses**		
	Accommodation cost and supplies	5,777	6,461
	Charter flight expenses	218,599	1,117,528
	Classroom supplies	31,813	30,909
	Electricity and water	33,697	49,920
	Home stay fees	609,952	720,713
	Immigration and government fees	83,396	83,560
	Restaurant expenses	80,653	-
	Impairment loss	54,875	-
		1,118,762	2,009,091
13.	**Personnel expenses**		
	Wages and salaries	931,776	1,116,143
	Key management compensation - short term benefits	267,257	253,999
	Key management compensation - contribution to Fiji National Provident Fund	15,715	15,715
	Contributions to Fiji National Provident Fund	20,695	39,632
	Fiji National University Levy	9,512	10,761
	Other staff costs	11,320	6,905
		1,256,275	1,443,155

Notes to the financial statements

For the year ended 31 December 2021

	Note	2021	2020
14. Other expenses		**$**	**$**
Accounting fees		3,993	6,377
Audit fees		24,000	22,000
Advertising & marketing		12,937	41,088
Bank charges		12,838	4,193
Directors' fees		14,855	16,800
Education and training		-	1,698
Freight, postage and courier		4,394	3,548
Insurance		4,228	5,386
License and rates		37,382	46,051
Meals and entertainment		895	1,132
Motor vehicle expenses		28,754	13,174
Office expenses		40,223	30,099
Other expense		17,387	7,113
Printing & Stationery		15,336	19,623
Repair and maintenance		15,827	18,176
Stamp duty		-	150
Subscriptions		17,063	13,828
Telephone and internet		53,885	53,179
Travel & Accommodation		9,886	40,796
		313,883	344,411
15. Finance income and finance cost			
(a) Finance income			
Interest income		83,647	107,763
Realised foreign exchange gain - in house exchange		13,572	21,209
Realised foreign exchange gain - others		26,852	4,604
Unrealised foreign exchange gain		-	24,961
		124,071	158,537
(b) Finance cost			
Interest expense on borrowings		21,433	32,567
Interest expense on Lease liabilities	22	84,041	85,466
Unrealised foreign exchange loss		72,802	-
		178,276	118,033
16. Income tax			
(a) Income tax expense recognised in the income statement			
Current tax expense			
Current year		60,755	74,030
Deferred tax expense			
Origination and reversal of temporary differences		(17,913)	7,741
Income tax expense		42,842	81,771

16. Income tax (continued)

(b) Reconciliation of effective tax rate

	2021	2020
	$	$
Operating profit before income tax	452,952	792,158
Prima facie income tax expense on profit before tax at 10% (2020:10%)	45,295	79,216
Tax effect of permanent differences	(2,453)	2,555
Income tax expense	42,842	81,771

(c) Recognised deferred tax asset / (liability)

	2021	2020
Employee benefits	1,687	1,510
Trade receivables	5,488	-
Unrealised Foreign exchange gain	7,280	(2,496)
Right-of-use assets	(103,460)	(111,442)
Lease liability	111,734	117,214
Property plant and equipment	(3,226)	(3,195)
	19,503	1,591

<u>Movement in temporary differences during the year</u>

	1 January 2021	Recognised in income statement	31 December 2021
	$	$	$
Employee benefits	1,510	177	1,687
Trade receivables	-	5,488	5,488
Unrealised Foreign exchange gain	(2,496)	9,776	7,280
Right-of-use assets	(111,442)	7,982	(103,460)
Lease liability	117,214	(5,480)	111,734
Property plant and equipment	(3,195)	(31)	(3,226)
	1,591	17,913	19,503

	1 January 2020	Recognised in income statement	31 December 2020
	$	$	$
Employee benefits	3,151	(1,641)	1,510
Unrealised Foreign exchange gain	6,388	(8,884)	(2,496)
Right-of-use assets	(115,371)	3,929	(111,442)
Lease liability	118,416	(1,202)	117,214
Property plant and equipment	(3,252)	57	(3,195)
	9,332	(7,741)	1,591

(d) Current tax (asset) / payable

	2021	2020
Opening balance	(33,682)	(36,727)
Current tax expense	60,755	74,030
Payments made during the year	(68,645)	(70,985)
Closing balance	(41,572)	(33,682)

	Note	2021	2020
17. Cash and cash equivalents		**$**	**$**
Cash on hand		161	951
Cash at bank		2,680,445	664,178
Short term deposits		48,345	1,095,558
Cash and cash equivalents in the Statement of Cash flows		2,728,951	1,760,687

	2021	2020
18. Trade and other receivables	**$**	**$**
Receivable from South Pacific Free Bird Company Limited - service fee	339,013	449,665
Receivable from South Pacific Free Bird Company Limited - in-house insurance premium	67,879	154,182
Immigration and other bonds	305,053	334,243
Other receivables - South Pacific Free Bird Company Limited	133,604	115,647
Other receivables - Ba Provincial Free Bird Institute High School	123,770	57,071
Other receivables - others	75,452	140,819
Gross Trade and other receivable	1,044,771	1,251,627
Less allowance for impairment of trade and other receivables	(54,875)	-
	989,896	1,251,627
Classified in the financial statements as follows:		
Current	905,367	1,167,098
Non Current	84,529	84,529
	989,896	1,251,627

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

	Note	2021	2020
19. Prepayments			
Commission prepaid	28 (iii)	14,349	9,828
Other prepayments		35,386	28,895
		49,735	38,723

	2021	2020
20. Term deposits		
Current	541,646	1,763,907
Non current	74,435	50,000
	616,081	1,813,907

Term deposits will mature on 10 June 2022, 26 October 2022, 24 December 2023 and 17 August 2024 with interest rates between 0.75% to 5.5% per annum (2021: 7 June 2021, 17 August 2021, 26 October 2021, 31 December 2021 and 24 December 2023 with interest rates between 1.7% to 5.75% per annum).

The Company has given the authority to approve and set off term deposits amounting to $40,000 against credit card facility provided by the respective bank.

Term deposits amounting to $72,889 (2020: $72,889) are held as registered security for immigration bonds guaranteed by the respective bank on behalf of the Company.

Notes to the financial statements

For the year ended 31 December 2021

	2021	2020
21. Equity instruments	**$**	**$**
Shares in Port Denarau Marina Ltd (PDML)	21,400	21,500

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

	Note	2021	2020
22. Leases			
Rights-of-use assets		**$**	**$**
Balance at 1 January		1,114,422	1,153,708
(Disposal)/ Addition		(220)	35,066
Depreciation charge for the year		(79,600)	(74,352)
Balance at 31 December		1,034,602	1,114,422
Lease Liabilities			
Maturity analysis – contractual undiscounted cash flows			
Less than one year		138,606	138,606
One to five years		512,725	556,624
More than five years		1,838,500	1,933,206
Total undiscounted lease liabilities at 31 December		2,489,831	2,628,436
Lease liabilities included in the statement of financial position at 31 December:			
Current		58,679	54,747
Non-current		1,058,665	1,117,389
		1,117,344	1,172,136
Amounts recognised in profit or loss			
Depreciation on ROU Assets		79,600	74,352
Interest on lease liabilities		84,041	85,466
Rental Concession due to COVID-19	9	(48,500)	(39,000)
		115,141	120,818
Amounts recognised in the statement of cash flows			
Total cash outflow for leases		90,333	93,500

23. Property, plant and equipment

	Buildings	Motor vehicles	Walkway and Fence	Office equipment & Furniture	Total
	$	$	$	$	$
Cost					
Balance as at 1 January 2020	2,012,923	144,478	244,949	322,992	2,725,342
Additions	-	29,679	-	53,433	83,112
Balance at 31 December 2020	2,012,923	174,157	244,949	376,425	2,808,454
Balance at 1 January 2021	2,012,923	174,157	244,949	376,425	2,808,454
Additions	-	47,415	-	29,491	76,906
Balance at 31 December 2021	2,012,923	221,572	244,949	405,916	2,885,360
Depreciation					
Balance as at 1 January 2020	519,246	67,269	62,370	206,738	855,623
Depreciation charge for the year	50,323	29,450	6,124	32,762	118,659
Balance at 31 December 2020	569,569	96,719	68,494	239,500	974,282
Balance at 1 January 2021	569,569	96,719	68,494	239,500	974,282
Depreciation charge for the year	50,323	23,842	6,124	31,500	111,789
Balance at 31 December 2021	619,892	120,561	74,618	271,000	1,086,071
Carrying amount					
Balance as at 1 January 2020	1,493,677	77,209	182,579	116,254	1,869,719
Balance at 31 December 2020	1,443,354	77,438	176,455	136,925	1,834,172
Balance at 31 December 2021	1,393,031	101,011	170,331	134,916	1,799,289

24. Trade and other payables

	2021 $	2020 $
Trade payables	39,428	167,274
Accruals	25,847	51,425
Withholding tax payable	27,491	4,440
Other payables	29,383	21,066
	122,149	244,205

25. Contract liabilities

	2021 $	2020 $
Contract liabilities	24,481	102,564

Contract liabilities include services fee received in advance of the service being provided.

26. Payable to related parties

	2021 $	2020 $
Payable to South Pacific Free Bird Company Limited	36,846	58,946

The above payables are unsecured and non interest bearing.

27. Interest bearing borrowings

	2021 $	2020 $
South Pacific Free Bird Company Limited	127,604	416,185
<u>Disclosed as follows:</u>		
Current	127,604	289,101
Non current	-	127,084
	127,604	416,185

Borrowings from South Pacific Free Bird Company Limited are unsecured with monthly repayments of 1,310,138 Yen with interest charged at a rate of 3% per annum (2020: 3% per annum).

The interest bearing borrowings have been recognised at their fair value on 1 January 2015, being the present value of the expected future cash flows, discounted using a market-related rate of 7.61% per annum. The difference between the fair value and the nominal value of the amount payable has been credited to Equity Contribution Reserve. Subsequent to 1 January 2015, the loan has been measured at amortised cost using the effective interest rate method over the term to maturity. The liability will decrease over the life of the loan to maturity. This accretion in the liability is recognised in profit or loss as interest expense.

On 1 January 2021, the Company recommenced it's monthly repayment after been granted a 9 month deferral on the loan repayments from South Pacific Free Bird Company Limited in 2020 due to the impact of COVID-19.

27. Interest bearing borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2021	2020
Interest bearing borrowings	**$**	**$**
Balance at 1 January	416,185	484,536
Changes from financing cash flows		
Repayment of borrowings	-	(76,468)
Changes from non-cash transaction		
Intercompany offset on repayment of borrowings and interest	(295,988)	-
Other changes		
Gain on modification of financial liabilities	-	(25,093)
Interest expense	21,433	32,567
Interest paid	-	(3,730)
Interest payable	-	(7,656)
The effect on interest expense of discounting	(12,758)	(21,181)
The effect of changes in foreign exchange rates	(1,268)	33,210
Balance at 31 December	127,604	416,185

28. In-house insurance liabilities

		2021	2020
Claims incurred but not reported	(i)	1,827	1,827
Unearned premium	(ii)	93,933	169,157
Claims incurred but not paid		140,408	140,408
		236,168	311,392

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:

$$\frac{\text{Number of days taken to notify claims}}{\text{365 days}} \times \text{loss ratio} \times \text{earned premium for the year}$$

This assessment of IBNR was done by management based on an Actuarial Review undertaken in 2019. The calculated IBNR for 2021 was not materially different compared to 2020. Management therefore, has not made any adjustments to this amount in the financial year ended 31 December 2021.

	2021	2020
(ii) Unearned premium reconciliation	**$**	**$**
Balance at the beginning of the year	169,157	73,766
Gross premiums received during the year	426,713	629,795
Premiums earned	(461,193)	(502,671)
Premiums refunded during the year and third party taxes	(40,744)	(31,733)
Balance at the end of the year	93,933	169,157
(iii) Prepaid commission reconciliation		
Balance at the beginning of the year	9,828	30,238
Commission paid for the year	187,796	182,789
Amortisation of costs to profit or loss	(183,275)	(203,199)
Balance at the end of the year	14,349	9,828

28. 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.

29. Share capital

(a) Authorised capital

	2021	2020
Ordinary shares	2,375,298	2,000,000

(b) Issued capital

	2021 $	2020 $
2,375,298 (2020: 2,000,000)	3,159,671	2,000,000

Shares of the Company do not have a par value.

Shareholders at 31 December:	2021	2020
South Pacific Free Bird Company Limited (Japan)	1,482,687	1,355,140
FHL Trustees Ltd ATF Fijian Holdings Unit Trust	250,806	250,806
Hiroshi Taniguchi	155,000	-
Masayasu Muramatsu	132,145	106,336
IBC Ltd (Japan)	77,669	62,500
Platinum Insurance Limited (Vanuatu)	51,283	46,630
Toshikazu Torimoto	44,737	36,000
Yoshinobu Higashi	31,067	25,000
Others	149,904	117,588
	2,375,298	2,000,000

(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

The following dividends were declared and paid by the Company for the year:

	2021 $	2020 $
An interim dividend was declared for the year ended 2021: $0.75 per ordinary shares (2020: Nil)	1,500,000	-
Dividend reinvested in ordinary shares	(1,159,671)	-
Total dividend paid	340,329	-

30. Earnings per share

The calculation of earnings per share at 31 December 2021 was based on profit attributable to ordinary shareholders of $410,110 (2020: $710,387) and a weighted average number of ordinary shares outstanding of 2,375,298 (2020: 2,000,000) calculated as follows:

	2021	2020
	$	**$**
Profit after income tax for the year	410,110	710,387
Number of shares outstanding	2,375,298	2,000,000
Basic and diluted earnings per share	$ 0.17	$ 0.36

31. Related parties

(a) Directors

The directors in office during the year were:

Hiroshi Taniguchi (Chairman)
Mereseini Baleilevuka
Yoshinobu Higashi
Waisale Iowane
Yoko Nameki
Adi Litia Qionibaravi
Latileta Qoro

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

	2021	2020
	$	**$**
South Pacific Free Bird Company Limited		
Interest bearing borrowings (note 27)	(127,604)	(416,185)
Other payables (note 26)	(36,846)	(58,946)
Trade receivables (note 18)	406,892	603,847
Other receivables (note 18)	133,604	115,647
Prepaid commission (note 28(iii))	14,349	9,828
Ba Provincial Free Bird Institute	123,770	57,071

(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:

	2021	2020
South Pacific Free Bird Company Limited	**$**	**$**
Service fees	2,661,404	2,788,459
Commission expense	183,275	203,199
License fees for software use	36,846	39,417
Interest expense on borrowings	21,433	32,567
Intercompany offset on repayment of borrowings and interest	295,988	-
Repayment of principal on borrowings	-	76,468

31. 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)
Mereseini Baleilevuka	Chief Operations Officer (Director)
Waisale Iowane	Chief Financial Officer (Director)(resigned November 2021 as CFO)
Roqiqi Korodrau	Chief Financial Officer (appointed November 2021)

Key management compensation is disclosed under Note 13.

32. Commitments

Capital commitments not otherwise provided for in the financial statements amounted to $Nil (2020: $Nil).

33. Contingent liabilities

Contingent liabilities amount to $Nil (2020; Nil).

34. 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	**2021 $**	**2020 $**
Total borrowings	27	127,604	416,185
Lease liability	22	1,117,344	1,172,136
Less: Cash and Cash Equivalents	17	(2,728,951)	(1,760,687)
Net Debt		(1,484,003)	(172,366)
Total Capital		5,619,569	5,549,788
Gearing Ratio		(26%)	(3%)

Excluding the lease liability as at 31 December 2021 the gearing ratio would be (46%) (2020: (24%)).

35. 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.

NAME	NUMBER OF SHARES	TOTAL % HOLDING	ENTITY
YOSHINOBU HIGASHI	31,067	1.31%	FBL
NAULU BALEILEVUKA	11,397	0.48%	FBL
UNAISI BALEILEVUKA	124	0.01%	FBL
ERONI BALEILEVUKA	124	0.01%	FBL
MILIAKERE BALEILEVUKA	124	0.01%	FBL
HIROSHI TANIGUCHI	155,000	6.53%	FBL
TOTAL	**197,836**	**8.35%**	

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.

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES	TOTAL % HOLDING
1	SOUTH PACIFIC FREE BIRD CO. LTD	1,482,687	62.42%
2	FHL TRUSTEES LIMITED ATF FIJIAN HOLDINGS UNIT TRUST	250,806	10.56%
3	HIROSHI TANIGUCHI	155,000	6.53%
4	MASAYASU MURAMATSU	132,145	5.56%
5	IBC CO. LTD	77,669	3.27%
6	PLATINUM INSURANCE LIMITED	51,283	2.16%
7	TOSHIKAZU TORIMOTO	44,737	1.88%
8	YOSHINOBU HIGASHI	31,067	1.31%
9	JIMAIMA T & ROLAND F. SCHULTZ	25,102	1.06%
10	TOMOKO TANAKA	20,132	0.85%
11	NAULU BALEILEVUKA	11,397	0.48%
12	PRAVIN PATEL	9,941	0.42%
13	SHAKUNTLA PRASAD	9,941	0.42%
14	SURESH PRASAD	9,941	0.42%
15	TUTANEKAI INVESTMENTS LIMITED	8,077	0.34%
16	NAMAKA PUBLIC SCHOOL	8,000	0.34%
17	RONALD RAVINESH KUMAR	4,384	0.18%
18	GREGORY LIN CATHCART	3,325	0.14%
19	VAMARASI KAFOA	3,200	0.13%
20	YORTMAR NO 12 PTY LTD	2,982	0.13%

Other information continued

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.

NO OF SHAREHOLDERS	SHAREHOLDING	TOTAL PERCENTAGE HOLDING
70	0-500 shares	0.46%
23	501-5,000 shares	1.53%
5	5,001-10,000 shares	1.93%
1	10,001-20,000 shares	0.48%
2	20,001-30,000 shares	1.90%
1	30,001-40,000 shares	1.31%
1	40,001-50,000 shares	1.88%
1	50,001-60,000 shares	2.16%
-	60,001-70,000 shares	0.00%
1	70,001-80,000 shares	3.27%
-	80,001-90,000 shares	0.00%
-	90,001-100,000 shares	0.00%
3	100,001-1,000,000 shares	22.65%
1	OVER 1,000,000 shares	62.42%
109		**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.

MEMBER	12/03/21	31/07/21	23/10/21	18/12/21
HIROSHI TANIGUICHI	P	P	P	P
MERESEINI BALEILEVUKA	P	P	P	P
WAISALE IOWANE	P	P	P	P
YOSHINOBU HIGASHI	AP	P	P	P
LATILETA QORO	P	P	P	P
ADI LITIA QIONIBARAVI	P	A	P	A
YOKO NAMEKI	P	P	P	P

Key: P – Present A – Absent AP – Apologies

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:	KPMG 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)
Cover design, layout, Concept design & print:	Pasifika Communications Limited 23 Vatuvia Rd, Lami