

2022 ANNUAL REPORT







-Charlemagne



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Key Highlights



^{*} The prices used in the above graph is made up of the closing market price at the end of each month.





Five Year Historical Information

	2022	2021	2020	2019	2018
Total revenue (including finance income)	3,938,771	3,635,211*	5,134,551	6,126,899	6,372,685
Net profit before tax	553,739	452,952	792,158	719,591	913,428
Net profiit before tax % margin	14%	12%	15%	12%	14%
Cash and cash equivalent as a % of total assets	19%	37%	22%	22%	32%
Cash and cash equivalent as a % of total liabilities	79%	162%	76%	64%	145%
Working capital ratio	6.67	6.85	4.43	3.58	4.66
Net asset per share	2.46	2.37	2.77	2.42	2.21
Debt to equity ratio	0.32	0.30	0.42	0.51	0.28
Earnings per share (cents)	21.19	17.27	35.52	31.95	40.19
Closing share price as at 31 December	3.49	4.02	3.20	3.00	3.05
Current assets	4,720,124	4,267,271	4,764,097	4,112,975	3,604,271
Non current assets	3,025,295	3,033,758	3,106,214	3,213,277	2,056,517
Total assets	7,745,419	7,301,029	7,870,311	7,326,252	5,660,788
Current liabilities	707,601	622,795	1,076,050	1,148,390	773,341
Non-current liabilities	1,162,581	1,058,665	1,244,473	1,338,461	477,101
Total liabilities	1,870,182	1,681,460	2,320,523	2,486,851	1,250,442
Shareholders' equity	5,875,237	5,619,569	5,549,788	4,839,401	4,410,346

^{* 2021} Visa fees previously recorded as Revenue in the 2021 audited financials have been re-classed in 2022.

Despite the company not generating any revenue from charter flights or recruitment fees, the re-opening of our international borders resulted in a commendable 8% growth in the company's total revenue. While this is a noteworthy accomplishment, significant efforts are still required to attain the revenue levels achieved prior to the onset of the pandemic.

The implementation of stringent cost-cutting measures, coupled with an increase in total revenue, resulted in a 22.2% rise in net profit before taxes as compared to the same period in 2021.

One of the challenges that the Company faced in 2022 was the weakening of the Japanese yen, which necessitated the adoption of a cautious approach to maintaining Japanese yen cash balances to avoid incurring unrealized foreign exchange losses. While this approach may limit our financial flexibility in the short term, it is a prudent move given the current economic climate.

The new lease agreement for our driveway at Namaka Campus saw the increase in Right- ofuse assets and Lease Liability by \$175,525.

We remain committed to implementing sound financial management practices and investing in our operations to ensure sustained growth and profitability.

- Roqiqi Korodrau (CFO)



Executive Chairman's Report



Dear Shareholder,

It is my pleasure to present our annual report for the year 2022, which depicts yet another profitable year for the company.

As the world continues to navigate through the COVID-19 pandemic, the year 2022 offers a sense of renewed hope. With the gradual easing of restrictions and the increase in vaccination rates, people are starting to see a light at the end of the tunnel.

This newfound optimism is not only felt in personal lives but in the economy and society as a whole. The resilience of individuals and communities has been tested, but with the start of the new year comes a sense of progress and a renewed focus on rebuilding and recovery.

While the road ahead may still be uncertain, the year 2022 has brought with it a much-needed sense of hope and the promise of a better tomorrow.

Following the reopening of borders in December 2021, our marketing team in Japan exhibited immense diligence to capitalize on this development. Consequently, we welcomed our first cohort of 72 students on a commercial flight on the 13th of January 2022.

We have since registered 512 new students in 2022 to study at our Institute. This number while higher than the past 2 years combined is still relatively lower than the number of registered students, we would accommodate prior to Covid19.

Our Performance

Our service fee revenue increased by 26% when compared to prior year, a direct result of the re-opening of our international borders.

Despite the absence of revenue from charter flights or recruitment fees, we still recorded an 8% increase in our total revenue.

Weakening Japanese yen continues to have a negative impact on our company with foreign exchange losses accumulating to \$130,175. To mitigate this, we had to increase our premium insurance charged to our students by 20% towards the later part of the year.

In the month of October, a contractual agreement was entered into with Edge Securities to outsource our security services. A comprehensive analysis of the financial figures revealed that it would be more advantageous to outsource this particular service instead of carrying out the task in-house. As a result, we were able to realize significant savings on overhead expenses and minimize the administrative duties associated with the provision of security services.

Although we restored all the employee compensations that were reduced by 20% in the previous year, we were still able to attain a net profit after taxes of \$505,544, indicating a rise of 23% from prior year.

Opting to liquidate \$500,000 from our term deposits to finance our operations appeared to be a more viable alternative than soliciting our Japanese debtors to remit their outstanding invoices, as the latter approach carried the potential for unprecedented foreign exchange losses.

We are pleased to have cleared off all our interest-bearing borrowings of about \$1.2 million taken in 2016.

Our net assets stood at \$5.9 million in 2022 when compared to \$5.6 million in the prior year.

Returns to our Shareholders

As a company, we are committed to maintaining a strong and healthy relationship with our shareholders, and we exhibit this dedication by ensuring that we declare a justifiable dividend.

We believe that the dividends we declare is a reflection of our confidence in the strength and stability of our business. We strive to ensure that our dividend payments are consistent, sustainable, and reflective of our financial performance.

By paying a fair dividend, we hope to attract new investors, maintain the loyalty of existing ones, and continue to build a strong reputation in the market.

Our commitment to paying a fair dividend is just one of the ways we demonstrate our dedication to creating long-term value for our shareholders.

In 2022, the Company declared a dividend of 12 cents per share, amounting to a total dividend declaration of \$285,036.

To facilitate our shareholders' interest in investing their dividends in additional shares without incurring brokerage fees, we chose to implement a Dividend Reinvestment plan. This led to the reinvestment of \$35,160 of the dividends into the acquisition of 10,115 new shares.

Our team's diligent financial management has facilitated the Company's ability to maintain a robust cash flow position throughout the year, even amidst the arduous business environment. We remain committed to upholding a resolute financial performance for the business, enabling us to provide returns to all of our shareholders.

Forward Looking

As I compose this report, I have received news of Fiji Airways' plan to commence direct flights from Nadi to Narita in April of this year. This exciting development is poised to invigorate the morale of our sales team in Japan, as they will be able to offer a reduced price for students in Japan seeking to study in Fiji.

Furthermore, with the end of the pandemic, we have a renewed opportunity to re-establish connections with our agents in regions outside of Japan, such as Korea and China.

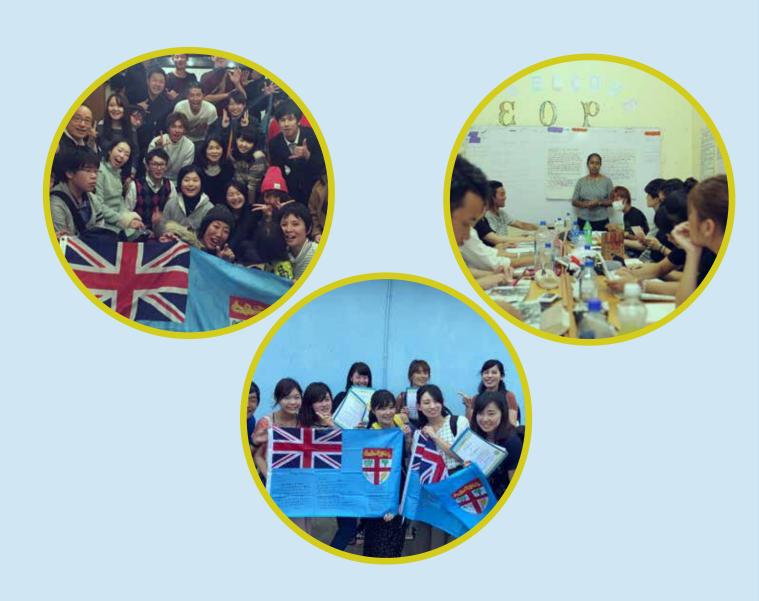
The year 2023 presents us with a chance to enhance our services. Previously, both of our campuses in Lautoka and Namaka provided similar services. However, we have since streamlined our operations so that one campus is designated for lower-level students, while the other campus focuses on higher-level English classes. This restructuring has enabled us to reduce our workforce and associated remuneration expenses while upholding the same level of service.

As we enter the new year, we are making a strong commitment to improve our business in 2023. We recognize the importance of staying competitive in today's fast-paced market and are dedicated to taking the necessary steps to achieve success. This includes implementing new strategies, investing in technology, and fostering a positive company culture.

We understand that growth and progress require a continuous effort, and we are eager to put in the work to achieve our goals. With our unwavering dedication and a clear vision for the future, we are confident that we can achieve great success in the year ahead.

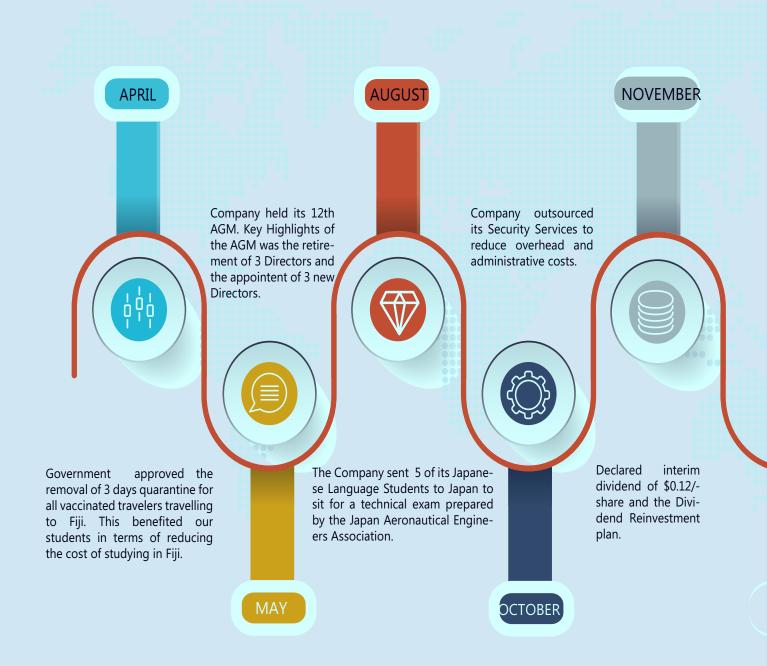


Hiroshi Taniguchi





Key Operational Highlights







Board of Directors



Hiroshi Taniguchi Executive Chairman

Hiroshi, the founder of FBL and its parent company SPFB in Japan, currently serves as the Chief Executive Officer and Executive Chair in both organizations. With a diverse background in various business sectors in Asia, he made the strategic decision to invest in Fiji and relocated there in 2006. Hiroshi is not only a successful businessman and entrepreneur, but also an innovator who has played a pivotal role in the development of integrated products that continue to be offered by the company. Additionally, his extensive experience in the industry has equipped him with valuable insights and knowledge that have contributed to the success of the company.



Yoko Ishimoda Nameki Non- Executive Director

Yoko, who possesses over 15 years of extensive experience in the education sector in Japan, holds a Bachelor's Degree in Business Management from Fort Hays State University in the United States of America (USA). She provides valuable strategic advice to the Board on the evolving demands of study abroad in the Japanese market. Additionally, she played a crucial role in the successful introduction of the High School department within the Group, collaborating closely with various stakeholders to ensure its seamless integration and smooth operation.



Rina Kumar Non Executive Independent Director

Presently, Rina serves as a Lecturer at FNU located in Nadi, Fiji. She holds a Master's degree in Education from the University of Southern Queensland, Australia, and a Bachelor's degree in Education from the University of the South Pacific. With over 11 years of experience working in the education sector in Fiji National University, Rina is highly knowledgeable and experienced in her field. Additionally, she has also taught at the University of the South Pacific for several years, further enhancing her expertise and understanding of the educational landscape in the region.



Takumi Kawai Non Executive Independent Director

Takumi is an accomplished business professional and the Founding Partner of Misono Sogo Advisory, Ilc; a company that specializes in providing comprehensive management and governance advice to Japanese companies. Alongside this, he also serves as a partner for Iris, a highly reputable HR company in Japan. With an extensive background in business and management, Takumi has been appointed as the Director and COO for Patent Valuation Advisory, inc. where he oversees the day-to-day operations and provides invaluable insights and guidance to the team. His exceptional leadership skills and business acumen have contributed significantly to the growth and success of Free Bird Institute.



Masao Kaneko Non- Executive Director

Masao is a seasoned professional with a wealth of experience in the marketing and media industry. He is widely recognized as a leading figure in the industry and has made significant contributions to its development. In addition to his extensive industry experience, Mr. Kaneko is also a visionary entrepreneur and the founder of two notable organizations; "Believe is Power" and the Japan Local Idol Activity Association.

Mr. Kaneko's has a undergraduate degree from Nihon University College of Art, Department of Broadcasting.

Management Team



Roqiqi Korodrau Chief Financial Officer

Roqiqi is a highly experienced finance professional, with over 10 years of progressive experience in the field. He has worked for Ernst & Young, a renowned professional services firm, and also held the position of Finance Manager in the hospitality industry in the Cook Islands, further augmenting his expertise. Prior to his appointment as CFO of the Company, he served as Finance Manager for over four years, where he demonstrated his exceptional financial acumen and leadership skills. Additionally, Roqiqi serves as the company secretary, where he plays a critical role in ensuring compliance and effective corporate governance.

Roqiqi's qualifications include a Bachelor of Commerce Degree in Accounting & Information System from the University of the South Pacific, providing him with a solid foundation of knowledge and skills that he has effectively applied throughout his career.



Timoci Taukei Finance Manager

Timoci began his career in the banking industry before joining FBL in 2013. In 2018, he was appointed to be 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.



Marica Debalevu High School Manager

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.



Reshma Naidu Dean - Lautoka Campus

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.

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.



Asinate Vereivalu Dean - Namaka Campus

Asinate has over a decade of teaching experience, having taught English at all levels provided by Free Bird Institute.

She holds a Certificate in Japanese Language for Tourism and Hospitality and a Certificate in Cambridge English. She is currently enrolled to complete her Advance Diploma in Leadership and Management.



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.

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 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
	Separation of duties: Clear separation of duties between Board and Senior Management. Board Charter:	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.
	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	Board Composition:	The same same same of stationary taluo.
effective Board	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 40% 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.
	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, 40% 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 2023.

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

Principle	Requirement	Compliance Status
6. Promote ethical	<u> </u>	
and responsible decision-making	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.
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.
	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 CSR 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:	

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





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Free Bird Institute Limited Directors' report For the year ended 31 December 2022

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 2022 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) Adi Litia Qionibaravi (retired: 28/05/2022)

Yoko Nameki Latileta Qoro (retired: 28/05/2022)

Kawai Takumi (appointed: 28/05/2022)

Rina Kumar (appointed: 28/05/2022)

Masao Kaneko (appointed: 28/05/2022)

Waisale Iowane (resigned: 26/08/2022)

Waisale Iowane (resigned: 26/08/2022)

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 2022 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 \$48,195 (2021: \$42,842) for the year amounted to \$505,544 (2021: \$410,110).

Dividends

An interim dividend of \$285,036 was declared during the year of which \$35,160 reinvested as share acquisition (2021: \$1,500,000 of which \$340,239 was paid & \$1,159,761 reinvested as share acquisition).

Current assets

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

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

Receivables

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

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

Free Bird Institute Limited Directors' report (continued) For the year ended 31 December 2022

Related party transactions

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

Going concern

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

Events subsequent to balance date

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

Other circumstances

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

Directors' interests

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

				Beneficially		Non-beneficially	
				Additions Holding		Additions	Holding
Hiroshi Taniguchi		-	155,000	-			
Yoshinobu Higashi (retired: 28/05/2022)		-	25,000	-			
Dated at	Namaka	this	31	day of	March	_2023.	

Signed in accordance with a resolution of the Directors.

Director

Director

Pkune

0026 Annual Report 2022

Free Bird Institute Limited Statement by Directors For the year ended 31 December 2022

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 2022;
- (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 2022;
- (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 2022;
- (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 2022;
- (e) at the date of this statement there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due;

- (f) all related party transactions have been adequately recorded in the books of the Company; and
- (g) the financial statements have been prepared in accordance with the Companies Act 2015.

Dated at	Namaka	31 this	day of	March 2023.	
Signed in a	ccordance with a r	esolution of the	Directors.		
Hw.	->rh!			Pkume	
Director				Director	



Independence Declaration

For the year ended 31 December 2022

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 2022 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

Sharvek Naidu,

Sharred.

Partner

Nadi, Fiji

31 March, 2023



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 2022, 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 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, 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. This matter was 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 this matter.

Revenue recognition – Service fees (\$3,249,440)

Refer to Note 4(g) and Note 7 of the financial statements

The key audit matter

The Company has a service agreement with its parent company and other agents to provide services to students that are engaged via them. The service agreements outline the service fees earned by the Company for each type of service provided to students, for example a fee for each nights homestay stayed by a student or for each tuition day provided. The service fees earned from the parent entity comprise most of the Company's service revenue

How the matter was addressed in our audit

Our procedures included:

- Evaluating the appropriateness of the Company's revenue recognition policies against the requirements of the accounting standards.
- Obtaining an understanding of the Company's key processes for recognition of services fees by inspecting a transaction flow from inception to recording of revenue by the



Independent Auditors' Report

To the Shareholders of Free Bird Institute Limited

Report on the Audit of the Financial Statements

Key Audit Matters (continued)

earned (99%) and therefore was a focus of our work.

Revenue recognition - Service fees is a key audit matter due to:

- the significance of Service fees to the Company's financial statements (83% of total revenue); and
- the level of audit effort required to assess the various types of services provided to students, each with differing fees and attributes. We focused assessing the nature, timing and amount of revenue recognized by the Company for key revenue streams in accordance accounting standard requirements, including language teaching revenue, high school teaching revenue, dormitory and homestay accommodation revenue, and enrolment fees.

- Company for each key revenue stream.
- earned from the parent company by multiplying the service fee as per the signed service agreement with the quantity attribute relevant to the service from the underlying student registration database. For example, number of homestay nights stayed by the student at the homestay accommodation or number of days tuition for the student. We compared the total amount recalculated to the amount recorded by the Company.
- Testing the key attributes used in the service fee recalculation above back to underlying source documents. We selected a sample of students from the student registration database and checked:
 - Student details against signed application forms from students/their parents or guardians. We checked the details of the service matched against that recorded by the Company and the service dates against the relevant period of the service.
 - We checked the service fee against the signed service fee agreement between the parent company and the Company.
 - We checked evidence of the student's physical presence in the country by inspecting their itinerary and immigration stamp for date of entry and exit in student passports.



Independent Auditors' Report

To the Shareholders of Free Bird Institute Limited

Report on the Audit of the Financial Statements

Key Audit Matters (continued)

- Requesting and obtaining confirmation from the parent company on service fees and checked that the amount confirmed reconciled to the revenue recorded by the Company.
- Evaluating the adequacy of disclosures in the financial statements using our understanding obtained from our testing and against the requirements of the accounting standards.

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.

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.



Independent Auditors' Report

To the Shareholders of Free Bird Institute Limited

Report on the Audit of the Financial Statements

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 International Standards on Auditing (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.
- 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, related safeguards.



Independent Auditors' Report

To the Shareholders of Free Bird Institute Limited

Report on the Audit of the Financial Statements

Auditors' Responsibilities for the Audit of the Financial Statements

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.

KDMO

PMG

Sharvek Naidu

Partner

Nadi, Fiji

31 March 2023

Free Bird Institute Limited Statement of profit or loss and other comprehensive income For the year ended 31 December 2022

	NT 4	2022	2021
Davanua fuam aantua eta mith anatamana	Note	\$	\$
Revenue from contracts with customers Service fees	6	2 240 440	2 506 612
Charter flight	6 6	3,249,440	2,586,613
Recruitment services	6	-	163,837 85,570
Restaurant	6	99,996	163,571
Restaurant	O	3,349,436	2,999,591
		3,347,430	2,777,371
Other revenue			
In-house insurance premiums	7	523,087	461,193
Other income	8	28,766	50,356
		3,901,289	3,511,140
Expenses			
In-house insurance claims	9	(24,814)	(23,795)
In-house insurance commission expense	10	(219,949)	(183,275)
Direct operating expenses	11	(921,117)	(1,035,366)
Depreciation	21 / 22	(213,205)	(191,389)
Personnel expenses	12	(1,395,269)	(1,256,275)
Other expenses	13	(394,864)	(313,883)
Profit from operations		732,071	507,157
Finance income	14 (a)	37,482	124,071
Finance cost	14 (b)	(215,814)	(178,276)
Net finance costs		(178,332)	(54,205)
Profit before tax		553,739	452,952
Income tax expense	15 (a)	(48,195)	(42,842)
Profit for the year		505,544	410,110
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		505,544	410,110
Earnings per share Basic and diluted earnings per share	29	\$ 0.21	\$ 0.17

Free Bird Institute Limited Statement of changes in equity For the year ended 31 December 2022

	Share capital	Retained Earnings	Equity contribution reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2021	2,000,000	3,294,551	255,237	5,549,788
T 4 1				
Total comprehensive income for the year		410 110		410 110
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 28 (d)	1,159,671	_	_	1,159,671
Dividend declared and paid - refer Note 28 (d)	-	(1,500,000)	_	(1,500,000)
Total transactions with owners of the Company	1,159,671	(1,500,000)	-	(340,329)
		(-,,)		(6 10,0 27)
Balance at 31 December 2021	3,159,671	2,204,661	255,237	5,619,569
At 1 January 2022	3,159,671	2,204,661	255,237	5,619,569
Total comprehensive income for the year				
Profit for the year		505,544		505,544
Total comprehensive income for the year		505,544		505,544
Transactions with owners of the Company				
Contributions and distributions				
Issue of share capital - refer Note 28 (d)	35,160	_	_	35,160
Dividend declared - refer to Note 28 (d)		(285,036)	_	(285,036)
Total transactions with owners of the Company	35,160	(285,036)		(249,876)
·				
Balance at 31 December 2022	3,194,831	2,425,169	255,237	5,875,237

Free Bird Institute Limited Statement of financial position As at 31 December 2022

Tis at 01 December 2022		2022	2021
Assets	Note	\$	\$
Current assets		·	~
Cash and cash equivalents	16	1,474,528	2,728,951
Trade and other receivables	17	2,547,373	905,367
Term deposits	19	591,646	541,646
Current tax assets	15 (d)	51,592	41,572
Prepayments	18	54,985	49,735
Total current assets		4,720,124	4,267,271
Non-current assets			
Trade and other receivables	17	84,529	84,529
Term deposits	19	24,435	74,435
Equity investments	20	21,400	21,400
Right-of-use assets	21	1,126,008	1,034,602
Property, plant and equipment	22	1,742,690	1,799,289
Deferred tax asset	15 (c)	26,233	19,503
Total non-current assets		3,025,295	3,033,758
Total assets		7,745,419	7,301,029
Liabilities			
Current liabilities			
Trade and other payables	23	163,731	122,149
Contract Liabilities	24	21,493	24,481
Payable to related parties	25	198,376	36,846
Interest bearing borrowings	26	· -	127,604
In-house insurance liabilities	27	241,912	236,168
Lease liabilities	21	68,753	58,679
Employee benefits		13,336	16,868
Total current liabilities		707,601	622,795
Non-current liabilities			
Lease liabilities	21	1,162,581	1,058,665
Total non-current liabilities		1,162,581	1,058,665
Total liabilities		1,870,182	1,681,460
Shareholders' equity			
Share capital	28 (b)	3,194,831	3,159,671
Retained earnings	,	2,425,169	2,204,661
Equity contribution reserve	28 (c)	255,237	255,237
Total shareholders' equity		5,875,237	5,619,569
Total shareholders' equity and liabilities		7,745,419	7,301,029
Signed on hehalf of the Roard			

Signed on behalf of the Board

Director Director

The notes on pages 37 to 71 are an integral part of these financial statements

Free Bird Institute Limited Statement of cash flows For the year ended 31 December 2022

		2022	2021
	Note	\$	\$
Operating activities			
Receipts from customers		1,832,629	2,759,337
Payment to suppliers and employees		(2,553,498)	(2,841,900)
In-house insurance premiums received		94,136	284,476
In-house insurance claims paid		(24,814)	(23,795)
Interest received		12,033	203,888
Income tax paid	15 (d)	(63,705)	(68,645)
Interest paid on lease liabilities		(84,064)	(84,041)
Net cash (used in) / from operating activities		(787,283)	229,320
Investing activities			
Acquisition of property, plant and equipment	22	(72,487)	(76,906)
Proceeds from sale of property, plant and equipment	8	7,339	-
Investment in term deposits	19		1,197,826
Net cash (used in) / from investing activities		(65,148)	1,120,920
Financing activities			
Dividends paid	28 (d)	(249,876)	(340,329)
Principal payment of lease liabilities	21	(60,491)	(6,292)
Net cash used in financing activities		(310,367)	(346,621)
Net (decrease) / increase in cash and cash equivalents		(1,162,798)	1,003,619
Effect of movements in exchange rates on cash held		(91,625)	(35,355)
Cash and cash equivalents at 1 January		2,728,951	1,760,687
Cash and cash equivalents at 31 December	16	1,474,528	2,728,951
Cush and cush equivalents at or becomber	10	1,171,320	2,720,731

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

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

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

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

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

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

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

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

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

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

(e) Going concern

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

3. 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.

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

3. Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(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:

Building2.5%Motor vehicle18%Walkway and fence2.5%Office equipment7 - 40%Office furniture12%

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

(c) Employee benefits

Defined contribution plan

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

Short-term benefits

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

Annual leave

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

(d) In-house insurance contracts

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

(i) <u>In-house insurance premium revenue</u>

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.

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

3. Significant accounting policies (continued)

(d) In-house insurance contracts (continued)

(ii) <u>Unearned premium</u>

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.

(v) Claims liability

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

(e) Financial instruments

(i) Recognition and initial measurement

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

(ii) Classification and subsequent measurement

Financial assets

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

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

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

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

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

3. Significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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 2022 are as follows:	Classification
Cash and cash equivalents (excluding cash on hand)	Amortised
Trade and other receivables	Amortised
Term deposits	Amortised
Shares in Port Denarau Marina Ltd (PDML)	FVTPL

Financial assets: Business model assessment

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

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

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

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

3. Significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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.

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

3. 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.

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

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

Presentation of allowance for ECL in the statement of financial position

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

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

3. Significant accounting policies (continued)

(f) Impairment (continued)

Write-off

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

(ii) Non financial assets

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

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

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

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

(g) Revenue

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

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

Service fees

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

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

3. Significant accounting policies (continued)

(g) Revenue (continued)

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

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

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

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

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

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.

As a result of the pandemic, the recruitment services has been temporarily halted in 2022.

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

3. Significant accounting policies (continued)

(g) Revenue (continued)

Charter flight revenue

The Company obtained approval from Fiji Government 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. The Company did not charter any flights in 2022 as the international borders had opened.

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.

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

3. Significant accounting policies (continued)

(1) 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.

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

(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.

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

3. Significant accounting policies (continued)

(o) Income tax (continued)

(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.

(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.

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

3. Significant accounting policies (continued)

(p) Leases (continued)

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).

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 2022, 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.

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

4. Standards issued & are not yet effective

A number of new standards and amendments to the standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted, however the Company has not early adopted the following new or amended standards in preparing these financial statements.

a. IFRS 17 - Insurance Contracts

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

The Premium Allocation Approach (PAA) is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria.

Companies can use the PAA if the coverage period of each contract in the group (including insurance contract services arising from all premiums within the contract boundary determined at that date) is one year or less or if the company reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the general approach.

The Company intends to use the PAA on 1 January 2023 to the insurance contracts it has issued. This is because the coverage period for the insurance contracts entered by the Company with the customers are not more than 12 months as the coverage periods are all one year or less.

On initial recognition of each insurance contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition.

The Company will elect to recognise insurance acquisition cash flows as expenses when they are incurred. Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided.

The Company expects that the time between providing each part of the services and the related premium due date will be no more than a year.

Accordingly, as permitted under IFRS 17, the Company will not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk. Furthermore, under the PAA approach, IFRS 17 provides an option to recognize any insurance acquisition costs as expenses when incurred. The Company does not plan to apply this option and expects to amortize acquisition costs over the coverage period of related insurance contracts, consistent with current accounting.

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company will recognise a loss in profit and loss and increase the liability for the remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

The Company will recognise the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims.

The Company is in the process of finalising the effects of transitioning to IFRS 17 on 1 January 2023. The current expectation is that the effect will not be material due to premium allocation approach to be applied which is similar to the current basis on which insurance is brought to account under IFRS 4.

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

4. Standards issued & are not yet effective

b. Other standards

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

- Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice statement 2)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Definition of accounting estimates (Amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendment to IAS 12)

5. Risk management

(a) Insurance risk

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

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 (\$500,000 held in term deposit and \$500,000 guaranteed by South Pacific Freebird) (2021: \$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;

(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.

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

5. Risk management (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

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 2022 due to the strong financial position of the related parties. The amount of allowance did not change during 2022.

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 in 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:

	2022	2021
	\$	\$
Impairment loss on trade and other receivables	_	54,875
Movements in the allowance for impairment in respect of trade and other re	ceivables	
Balance at 1 January	54,875	-
Allowance created during the year		54,875
Balance at 31 December	54,875	54,875

Cash and cash equivalents and term deposits

The Company held cash at bank of \$1,474,528 (2021: \$2,728,951) and term deposits of \$616,081 (2021: \$616,081). Cash and term deposits are held with banks which are rated AA- based on Standard & Poors ratings.

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

The Company did not recognise impairment allowance as at 31 December 2022 as the Company does not consider the impairment allowance to be material.

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

5. Risk management (continued)

(b) Financial risk management (continued)

(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.

		Con	tractual cash flo	ows	
	Carrying amount	Total	Up to 1 year	1-2 years	More than 2 years
31 December 2022	\$	\$	\$	\$	\$
Trade and other payables	163,731	163,731	163,731	-	-
Payable to related parties	198,376	198,376	198,376	-	-
Lease liabilities	1,231,334	2,359,841	138,624	138,624	2,082,593
·	1,593,441	2,721,948	500,731	138,624	2,082,593
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	-	-
Lease liabilities	1,117,344	2,489,831	138,606	138,606	2,212,619
	1,403,943	2,779,047	427,822	138,606	2,212,619

(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:

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

5. Risk management (continued)

(b) Financial risk management (continued)

(iii) Market risk (continued)

Fixed rate instruments	2022	2021
	\$	\$
Financial assets		
Term deposits	616,081	616,081
Cash and cash equivalents - short term deposits	5,539	48,345
Financial liabilities		
Interest bearing borrowings	-	(127,604)
Lease liability	(1,231,334)	(1,117,344)
Cash at bank is non-interest bearing.	<u>-</u>	

Fair value sensitivity analysis for fixed rate instruments

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

Currency risk

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

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

Exposure to currency risk

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

	2022	2021
<u>Financial assets</u>	Yen	Yen
Trade receivables	133,766,846	35,447,771

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Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

Risk management (continued) 5.

(b) Financial risk management (continued)

(iii) Market risk (continued)

	2022	2021
Financial liabilities	Yen	Yen
Interest bearing borrowings	-	7,011,854
Trade payable to related party	11,886,690	2,000,000

The above amounts are in Yen as at 31 December.

The following significant exchange rates have been applied:

	i cai chu	spot rates
	2022	2021
JPY	59.92	54.28

Sensitivity analysis

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

Effect in FJD	Profit	or loss	Equity, r	net of tax
	Strengthening	Weakening	Strengthening	Weakening
31 December 2022				
Financial assets	(223,242)	223,242	(200,918)	200,918
Financial liabilities	19,110	(19,110)	17,199	(17,199)
31 December 2021				
Financial assets	(65,305)	65,305	(58,775)	58,775
Financial liabilities	16,603	(16,603)	14,942	(14,942)

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

(iv) Accounting classifications and fair values

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

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

The categorisation of financial assets measured at fair value as at 31 December 2022 are as follows:

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

Category Level 1

2022

2021

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

6. Operating segments

(a) Basis for segmentation

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

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.

Statement of financial position Free Bird Institute Limited As at 31 December 2022

6 Operating segments (continued)

(b) In:

Information about reportable segments (continued)		Rep	Reportable segments	S.		
$202\overline{2}$	Service fees	In-house insurance	In-house Recruitment asurance services	Charter Flight	Restaurant	Total
	€	€	≶	9	S	€
External revenue	3,249,440	523,087	ı	ı	966,66	3,872,523
Other income	28,766	ı	ı	ı	•	28,766
Interest income	23,996	13,486	ı		ı	37,482
Interest expense	(83,592)	ı	ı	ı	(2,047)	(85,639)
Depreciation expense	(205,097)	ı	ı	ı	(8,108)	(213,205)
Direct, personnel, insurance and other expense	(2,742,747)	(244,763)	ı	ı	(98,678)	(3,086,188)
Segment profit before tax	270,766	291,810	-	-	(8,837)	553,739
Segment assets	6,428,255	1,297,362	-	-	19,802	7,745,419
Segment liabilities	1,602,559	241,912			25,711	1,870,182
2021	€	€	€	€	€	€
External revenue	2,586,613	461,193	85,570	163,837	163,571	3,460,784
Other income	50,356	ı	ı	ı	ı	50,356
Interest income	13,572	83,647	ı	ı	ı	97,219
Interest expense	(103,044)	ı	ı	ı	(2,430)	(105,474)
Depreciation expense	(182,407)	ı	ı	ı	(8,982)	(191,389)
Direct, personnel, insurance and other expense	(2,239,803)	(207,070)	(112,419)	(218,599)	(80,653)	(2,858,544)
Segment profit before tax	125,287	337,770	(26,849)	(54,762)	71,506	452,952
Segment assets	6,117,247	1,083,637	1	,	100,145	7,301,029
Segment liabilities	1,415,022	236,168			30,270	1,681,460

(c) <u>Major Customer</u> Service fees from South Pacific Free Bird Company Limited is \$3,224,405 (2021: \$2,661,404) and 83% (2021: 74%) of the Company's total revenues.

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

		Note	2022	2021
7.	In-house insurance premium		\$	\$
	Gross written insurance premium		567,620	426,713
	Premiums refunded during the year and third party taxes		(38,789)	(40,744)
	Unearned premium movement		(5,744)	75,224
			523,087	461,193
8.	Other income			
	Tour revenue		7,775	-
	Gain on disposal of property, plant and equipment		7,339	-
	Miscellaneous		13,652	1,856
	Rental Concession due to COVID-19 *	21		48,500
			28,766	50,356
*	This relates to rental concession received from various lan	dlords as a resul	t of COVID-19.	Refer to Note
	3(p) for further details.			
	· (r)		2022	2021
9.	In-house insurance claims		\$	\$
	Gross in house insurance claims incurred		24,814	23,795
			24,814	23,795
10				
10.	In-house insurance commission expense		225 400	107.706
	Commission expense		325,490	187,796
	Less prepaid commission expense movement		(105,541)	(4,521)
			219,949	183,275
11.	Direct operating expenses			
	Accommodation cost and supplies		11,641	5,777
	Charter flight expenses		-	218,599
	Classroom supplies		25,952	31,813
	Electricity and water		54,448	33,697
	Home stay fees		766,797	609,952
	Restaurant expenses		62,279	80,653
	Impairment loss		-	54,875
			921,117	1,035,366
12	Danconnal avnances			
12.	Personnel expenses Wages and salaries		1 027 110	931,776
	<u> </u>		1,037,110	
	Key management compensation - short term benefits		281,964	267,257
	Key management compensation- contribution to FNPF		13,844	15,715
	Contributions to Fiji National Provident Fund		43,720	20,695
	Fiji National University Levy		10,458	9,512
	Other staff costs		8,173	11,320
			1,395,269	1,256,275

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

		Note	2022	2021
13.	Other expenses		\$	\$
	Accounting fees		2,513	3,993
	Audit fees		22,000	24,000
	Advertising & marketing		15,932	12,937
	Bank charges		3,508	12,838
	Directors' fees		23,230	14,855
	Education and training		844	-
	Freight, postage and courier		5,057	4,394
	Insurance		5,115	4,228
	License and rates		34,203	37,382
	Meals and entertainment		4,675	895
	Motor vehicle expenses		33,491	28,754
	Office expenses		69,724	40,223
	Other expense		32,977	17,387
	Printing & Stationery		18,509	15,336
	Professional fees		5,351	-
	Repair and maintenance		31,303	15,827
	Subscriptions		19,749	17,063
	Telephone and internet		47,768	53,885
	Travel & Accommodation		18,915	9,886
			394,864	313,883
14.	Finance income and finance cost			
(a)	Finance income			
	Interest income		13,486	83,647
	Realised foreign exchange gain - in house exchange		23,996	13,572
	Realised foreign exchange gain - others			26,852
			37,482	124,071
(b)	Finance cost			
	Interest expense on borrowings		1,575	21,433
	Interest expense on Lease liabilities	21	84,064	84,041
	Unrealised foreign exchange loss		128,970	72,802
	Realised foreign exchange loss		1,205	179.276
4 =	•		215,814	178,276
	Income tax			
(a)	Income tax expense recognised in the income statement			
	Current tax expense		5.4.00.5	60 555
	Current year		54,925	60,755
	Deferred tax expense		(6.720)	(17.012)
	Origination and reversal of temporary differences		(6,730)	(17,913)
	Income tax expense		48,195	42,842

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

15.	Income tax (continued)		2022 \$	2021 \$
(b)	Reconciliation of effective tax rate		ų.	ų.
(~)	Operating profit before income tax		553,739	452,952
	Prima facie income tax expense on profit before tax at 10% (2021:10%))	55,374	45,295
	Tax effect of permanent differences		(7,179)	(2,453)
	Income tax expense	_	48,195	42,842
(c)	Recognised deferred tax asset			
	Employee benefits		1,334	1,687
	Trade receivables		5,488	5,488
	Unrealised Foreign exchange gain		12,895	7,280
	Right-of-use assets		(112,601)	(103,460)
	Lease liability		123,133	111,734
	Property plant and equipment		(4,016)	(3,226)
			26,233	19,503
	Movement in temporary differences during the year			
			Recognised	31
	1 Janus	ary	in income	December
	20	022	statement	2022
		\$	\$	\$
	Employee benefits 1,6		(353)	1,334
	Trade receivables 5,4		-	5,488
	Unrealised Foreign exchange gain 7,2		5,615	12,895
	Right-of-use assets (103,4		(9,141)	(112,601)
	Lease liability 111,7		11,399	123,133
	Property plant and equipment (3,2	<u> </u>	(790)	(4,016)
	<u> 19,5</u>	03	6,730	26,233
			Recognised	31
	1 Januar		in income	December
	20	021	statement	2021
		\$	\$	\$
	Employee benefits 1,5	10	177	1,687
	Trade receivables	-	5,488	5,488
	Unrealised Foreign exchange gain (2,4		9,776	7,280
	Right-of-use assets (111,4 Lease liability 117,2		7,982 (5,480)	(103,460) 111,734
	Property plant and equipment (3,1		(3,480)	(3,226)
	1,5		17,913	19,503

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

15.	Income tax (continued)	Note	2022	2021
(d)	Current tax asset		\$	\$
	Opening balance		41,572	33,682
	Current tax expense		(54,925)	(60,755)
	Resident interest withholding tax		1,240	-
	Payments made during the year	_	63,705	68,645
	Closing balance		51,592	41,572

The South Pacific Stock Exchange (SPX) announced during the year that entities listed on SPX will have the benefits of a reduced corporate tax rate of 10% for 7 years from the date of their listing. Consequently, from February 2024, the corporate tax rate applicable to the Company will rise from 10% to 20%. This increase does not affect the amounts of current or deferred income taxes recognised at 31 December 2022. However, this will increase the Company's future current tax charge accordingly.

			2022	2021
16.	Cash and cash equivalents		\$	\$
	Cash on hand		-	161
	Cash at bank		1,468,989	2,680,445
	Short term deposits		5,539	48,345
	Cash and cash equivalents in the Statement of Cash flows		1,474,528	2,728,951
17.	Trade and other receivables			
	Receivable from South Pacific Free Bird Company Limited -			
	service fee		1,849,642	339,013
	Receivable from South Pacific Free Bird Company Limited -			
	in-house insurance premium		279,247	67,879
	Immigration and other bonds		302,601	305,053
	Other receivables - South Pacific Free Bird Company		103,535	133,604
	Other receivables - Ba Provincial Free Bird Institute High			
	School		74,848	123,770
	Other receivables - others		76,904	75,452
	Gross Trade and other receivable		2,686,777	1,044,771
	Less allowance for impairment of trade and other receivables		(54,875)	(54,875)
			2,631,902	989,896
	Classified in the financial statements as follows:			
	Current		2,547,373	905,367
	Non Current		84,529	84,529
			2,631,902	989,896
	Immigration bonds are on revolving basis, hence, disclosed as of	current.		
18.	Prepayments			
	Commission prepaid	27 (iii)	17,727	14,349
	Other prepayments		37,258	35,386
			54,985	49,735

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

		2022	2021
19.	Term deposits	\$	\$
	Current	591,646	541,646
	Non current	24,435	74,435
		616,081	616,081

Term deposits will mature on 29 August 2023, 26 October 2023, 24 December 2023 and 17 August 2024 with interest rates between 0.25% to 2.25% per annum (2021: 10 June 2022, 26 October 2022, 24 December 2023 and 17 August 2024 with interest rates between 0.75% to 5.5% 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 (2021: \$72,889) are held as registered security for immigration bonds guaranteed by the respective bank on behalf of the Company.

		2022	2021
20.	Equity instruments	\$	
	Shares in Port Denarau Marina Ltd (PDML)	21,400	21,400

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

21. Leases

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

During 2022, the Company has entered into a lease agreement with Namaka Public School to lease the access road to the Namaka Campus. The new lease expires on 20 August 2039.

	2022	2021
Rights-of-use assets	\$	\$
Balance at 1 January	1,034,602	1,114,422
Addition / (Disposal)	175,525	(220)
Depreciation charge for the year	(84,119)	(79,600)
Balance at 31 December	1,126,008	1,034,602
Lease Liabilities		
Maturity analysis – contractual undiscounted cash flows		
Less than one year	138,624	138,606
One to five years	459,850	512,725
More than five years	1,761,367	1,838,500
Total undiscounted lease liabilities at 31 December	2,359,841	2,489,831
Lease liabilities included in the statement of financial position at 31 Decemb	er:	
Current	68,753	58,679
Non-current	1,162,581	1,058,665
	1,231,334	1,117,344

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

21.	Leases (continued)	Note	2022	2021
			\$	\$
	Amounts recognised in profit or loss			
	Depreciation on ROU Assets		84,119	79,600
	Interest on lease liabilities		84,064	84,041
	Expenses relating to short-term leases		14,478	11,152
	Rental Concession due to COVID-19	8	-	(48,500)
		_	182,661	126,293
	Amounts recognised in the statement of cash flows	-		
	Total cash outflow for leases		60,491	6,292

Extension options

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

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

22. Property, plant and equipment

				Office equipment &	
	Buildings \$	Motor vehicles	Walkway and Fence	Furniture \$	Total \$
Cost					
Balance as 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
Balance at 1 January 2022	2,012,923	221,572	244,949	405,916	2,885,360
Additions	•	17,862	•	54,625	72,487
Disposal	•	(26,086)	•	•	(26,086)
Balance at 31 December 2022	2,012,923	213,348	244,949	460,541	2,931,761
Depreciation					
Balance as 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
Balance at 1 January 2022	619,892	120,561	74,618	271,000	1,086,071
Depreciation charge for the year	50,323	28,534	6,124	44,105	129,086
Disposals	-	(26,086)	-	-	(26,086)
Balance at 31 December 2022	670,215	123,009	80,742	315,105	1,189,071
Carrying amount					
Balance as at 1 January 2021	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
Balance at 31 December 2022	1,342,708	90,339	164,207	145,436	1,742,690

2022

2021

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

23. Trade and other payables \$ \$ Trade payables 29,462 39,428 Accruals 64,932 25,847 Withholding tax payable 61,312 27,491 Other payables 8,025 29,383 163,731 122,149 24. Contract liabilities 21,493 24,481 Contract liabilities primarily relates to advance consideration from other agents other than SPFB for tuition services for which revenue is recognised overtime. \$ \$ 25. Payable to related parties \$ \$ \$ Payable to South Pacific Free Bird Company Limited 198,376 36,846 The above payables are unsecured, on demand and non interest bearing. For 2022, the payable to related parties balance consist of commission payable of \$108,919. 2022 2021 26. Interest bearing borrowings \$ \$ \$ South Pacific Free Bird Company Limited - 127,604	Trade payables 29,462 Accruals 64,932 Withholding tax payable 61,312 Other payables 8,025	39,428 25,847 27,491 29,383
Accruals Withholding tax payable Other payables Other payables 24. Contract liabilities Contract liabilities Contract liabilities Contract liabilities primarily relates to advance consideration from other agents other than SPFB for tuition services for which revenue is recognised overtime. 25. Payable to related parties Payable to South Pacific Free Bird Company Limited Payable to South Pacific Free Bird Company Limited The above payables are unsecured, on demand and non interest bearing. For 2022, the payable to related parties balance consist of commission payable of \$108,919. 26. Interest bearing borrowings	Accruals 64,932 Withholding tax payable 61,312 Other payables 8,025	25,847 27,491 29,383
Withholding tax payable Other payables Contract liabilities Contract liabilities Contract liabilities Contract liabilities primarily relates to advance consideration from other agents other than SPFB for tuition services for which revenue is recognised overtime. Payable to related parties Payable to South Pacific Free Bird Company Limited The above payables are unsecured, on demand and non interest bearing. For 2022, the payable to related parties balance consist of commission payable of \$108,919. 100 202 2021 2021 2021 2022 2021 2023 2021 2033 2021 2034 2021 2035 2022 2021 2036 2022 2021 2037 2022 2021 2038 2022 2021 2038 2022 2022	Withholding tax payable 61,312 Other payables 8,025	27,491 29,383
Other payables 8,025 29,383 163,731 122,149 24. Contract liabilities Contract liabilities Contract liabilities primarily relates to advance consideration from other agents other than SPFB for tuition services for which revenue is recognised overtime. 2022 2021 25. Payable to related parties Payable to South Pacific Free Bird Company Limited The above payables are unsecured, on demand and non interest bearing. For 2022, the payable to related parties balance consist of commission payable of \$108,919. 2022 2021 2021 2022 2023 2024 2025 2026 2026 2026 2027 2027 2028 2028 2029 2029 2020 2020 2021 2020 2021 2020 2020	Other payables 8,025	29,383
24. Contract liabilities Contract liabilities Contract liabilities primarily relates to advance consideration from other agents other than SPFB for tuition services for which revenue is recognised overtime. 2022 2021 25. Payable to related parties Payable to South Pacific Free Bird Company Limited The above payables are unsecured, on demand and non interest bearing. For 2022, the payable to related parties balance consist of commission payable of \$108,919. 2022 2021 26. Interest bearing borrowings		
24. Contract liabilities Contract liabilities Contract liabilities primarily relates to advance consideration from other agents other than SPFB for tuition services for which revenue is recognised overtime. 2022 2021 25. Payable to related parties Payable to South Pacific Free Bird Company Limited Payable to South Pacific Free Bird Company Limited The above payables are unsecured, on demand and non interest bearing. For 2022, the payable to related parties balance consist of commission payable of \$108,919. 2022 2021 26. Interest bearing borrowings	163,731	122,149
Contract liabilities primarily relates to advance consideration from other agents other than SPFB for tuition services for which revenue is recognised overtime. 2022 2021 25. Payable to related parties Payable to South Pacific Free Bird Company Limited Payable to South Pacific Free Bird Company Limited Payable are unsecured, on demand and non interest bearing. For 2022, the payable to related parties balance consist of commission payable of \$108,919. 2022 2021 26. Interest bearing borrowings		
Contract liabilities primarily relates to advance consideration from other agents other than SPFB for tuition services for which revenue is recognised overtime. 2022 2021 25. Payable to related parties Payable to South Pacific Free Bird Company Limited Payable to South Pacific Free Bird Company Limited Payable are unsecured, on demand and non interest bearing. For 2022, the payable to related parties balance consist of commission payable of \$108,919. 2022 2021 26. Interest bearing borrowings		
Contract liabilities primarily relates to advance consideration from other agents other than SPFB for tuition services for which revenue is recognised overtime. 2022 2021 25. Payable to related parties Payable to South Pacific Free Bird Company Limited Payable to South Pacific Free Bird Company Limited Payables are unsecured, on demand and non interest bearing. For 2022, the payable to related parties balance consist of commission payable of \$108,919. 2022 2021 26. Interest bearing borrowings		
tuition services for which revenue is recognised overtime. 2022 2021 25. Payable to related parties Payable to South Pacific Free Bird Company Limited Payable to South Pacific Free Bird Company Limited The above payables are unsecured, on demand and non interest bearing. For 2022, the payable to related parties balance consist of commission payable of \$108,919. 2022 2021 26. Interest bearing borrowings	Contract liabilities 21,493	24,481
25. Payable to related parties Payable to South Pacific Free Bird Company Limited The above payables are unsecured, on demand and non interest bearing. For 2022, the payable to related parties balance consist of commission payable of \$108,919. 2022 2021 26. Interest bearing borrowings	Contract liabilities primarily relates to advance consideration from other agents other than S	SPFB for
 Payable to related parties Payable to South Pacific Free Bird Company Limited The above payables are unsecured, on demand and non interest bearing. For 2022, the payable to related parties balance consist of commission payable of \$108,919. Interest bearing borrowings 	tuition services for which revenue is recognised overtime.	
Payable to South Pacific Free Bird Company Limited 198,376 36,846 The above payables are unsecured, on demand and non interest bearing. For 2022, the payable to related parties balance consist of commission payable of \$108,919. 2022 2021 26. Interest bearing borrowings \$ \$	2022	2021
The above payables are unsecured, on demand and non interest bearing. For 2022, the payable to related parties balance consist of commission payable of \$108,919. 2022 2021 26. Interest bearing borrowings \$ \$	25. Payable to related parties \$	\$
parties balance consist of commission payable of \$108,919. 2022 2021 26. Interest bearing borrowings \$ \$	Payable to South Pacific Free Bird Company Limited 198,376	36,846
2022 2021 26. Interest bearing borrowings \$ \$	The above payables are unsecured, on demand and non interest bearing. For 2022, the payable t	o related
2022 2021 26. Interest bearing borrowings \$ \$	parties balance consist of commission payable of \$108,919.	
		2021
	26. Interest bearing borrowings \$	\$
		127,604
Disclosed as follows:	Disclosed as follows:	
		127,604
- 127,004		127,604
<u> </u>	The above payables are unsecured, on demand and non interest bearing. For 2022, the payable to parties balance consist of commission payable of \$108,919. 2022 26. Interest bearing borrowings	2021
- 127,004	-	127,604

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.

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

26. Interest bearing borrowings (continued)

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

			2022	2021
	Interest bearing borrowings		\$	\$
	Balance at 1 January		127,604	416,185
	Changes from financing cash flows			
	Repayment of borrowings		-	-
	Changes from non-cash transaction			
	Intercompany offset on repayment of bo	orrowings and interest	(129,179)	(295,988)
	Other changes			
	Gain on modification of financial liability	ities	-	-
	Interest expense		1,575	21,433
	Interest paid		-	-
	Interest payable		-	-
	The effect on interest expense of discou	ınting	-	(12,758)
	The effect of changes in foreign exchan	ige rates	-	(1,268)
	Balance at 31 December			127,604
27.	In-house insurance liabilities			
	Claims incurred but not reported	(i)	1,827	1,827
	Unearned premium	(ii)	99,677	93,933
	Claims incurred but not paid		140,408	140,408
			241,912	236,168

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

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

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

365 days

This assessment of IBNR was done by management based on an Actuarial Review undertaken in 2019. The calculated IBNR for 2022 was not materially different compared to 2021. Management therefore, has not made any adjustments to this amount in the financial year ended 31 December 2022.

	2022	2021
Unearned premium reconciliation	\$	\$
Balance at the beginning of the year	93,933	169,157
Gross premiums received during the year	567,620	426,713
Premiums earned	(523,087)	(461,193)
Premiums refunded during the year and third party taxes	(38,789)	(40,744)
Balance at the end of the year	99,677	93,933
	Balance at the beginning of the year Gross premiums received during the year Premiums earned Premiums refunded during the year and third party taxes	Unearned premium reconciliation\$Balance at the beginning of the year93,933Gross premiums received during the year567,620Premiums earned(523,087)Premiums refunded during the year and third party taxes(38,789)

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

27. In-house insurance liabilities (continued)

	2022	2021
(iii) Commission (payable)/prepaid reconciliation	\$	\$
Balance at the beginning of the year	14,349	9,828
Commission paid for the year	114,408	187,796
Amortisation of costs to profit or loss	(219,949)	(183,275)
Net commission payable for the year	(91,192)	14,349

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.

28. Share capital

	Shure cupitur		
(a)	Authorised capital	2022	2021
	Ordinary shares	2,385,413	2,375,298
		2022	2021
(b)	Issued capital	\$	\$
	2,385,413 (2021: 2,375,298)	3,194,831	3,159,671
	Shares of the Company do not have a par value.		
	Shareholders at 31 December:	2022	2021
	South Pacific Free Bird Company Limited (Japan)	1,479,819	1,482,687
	FHL Trustees Ltd	250,806	250,806
	Hiroshi Taniguchi	155,000	155,000
	Masayasu Muramatsu	128,450	132,145
	IBC Ltd (Japan)	80,354	77,669
	Platinum Insurance Limited (Vanuatu)	65,312	51,283
	Toshikazu Torimoto	46,284	44,737
	Yoshinobu Higashi	30,967	31,067
	Others	148,421	149,904
		2,385,413	2,375,298

(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.

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

28. Share capital (continued)

(d) Dividends

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

	2022	2021
	\$	\$
An interim dividend was declared for the year ended 2022: \$0.12	285,036	1,500,000
per ordinary shares (2021: \$0.75)	265,050	1,500,000
Dividend reinvested in ordinary shares	(35,160)	(1,159,671)
Total dividend paid	249,876	340,329

29. Earnings per share

The calculation of earnings per share at 31 December 2022 was based on profit attributable to ordinary shareholders of \$575,009 (2021: \$410,110) and a weighted average number of ordinary shares outstanding of 2,385,413 (2021: 2,375,298) calculated as follows:

	2022	2021
	\$	\$
Profit after income tax for the year	505,544	410,110
Number of shares outstanding	2,385,413	2,375,298
Basic and diluted earnings per share	\$ 0.21	\$ 0.17

30. Related parties

(a) Directors

The directors in office during the year were:

Directors fees are disclosed in Note 13.

Hiroshi Taniguchi (Chairman)	Adi Litia Qionibaravi (retired: 28/05/2022)
Yoko Nameki	Latileta Qoro (retired: 28/05/2022)
Kawai Takumi (appointed: 28/05/2022)	Mereseini Baleilevuka (resigned: 12/05/22)
Rina Kumar (appointed: 28/05/2022)	Yoshinobu Higashi (retired: 28/05/2022)
Masao Kaneko (appointed: 28/05/2022)	Waisale Iowane (resigned: 26/08/2022)

(b) Parent Company

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

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

30. Related parties (continued)

(c)	Amounts (payable to) / receivable from related parties	2022	2021
	South Pacific Free Bird Company Limited	\$	\$
	Interest bearing borrowings (note 26)	-	(127,604)
	Other payables (note 25)	(198,376)	(36,846)
	Trade receivables (note 17)	2,128,889	406,892
	Other receivables (note 17)	103,535	133,604
	Commission prepaid (note 18)	17,727	14,349
	Ba Provincial Free Bird Institute	74,848	123,770

(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:

	2022	2021
South Pacific Free Bird Company Limited	\$	\$
Service fees	3,224,405	2,661,404
Commission expense	219,949	183,275
License fees for software use	29,910	36,846
Interest expense on borrowings	1,575	21,433
Intercompany offset on repayment of borrowings and interest	129,179	295,988

(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 (resigned June 2022)

Roqiqi Korodrau Chief Financial Officer

Shaniza Bibi Chief Operations Officer (appointed August 2022)

Key management compensation is disclosed under Note 12.

31. Commitments

Capital commitments not otherwise provided for in the financial statements amounted to \$Nil (2021: \$Nil).

32. Contingent liabilities

The Company is defending an action brought by a former disgruntled employee. However, no court proceedings have been instituted. Liability is still in issue but liability is not admitted by the Company. The claim is yet to be quantified therefore there is inadequate information to ascertain the Company's potential financial exposure. Based on legal advice, management believes that the defence against the action will be successful. (2021: \$Nil)

Free Bird Institute Limited Notes to the financial statements For the year ended 31 December 2022

33. 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:

		2022	2021
	Note	\$	\$
Total borrowings	26	-	127,604
Lease liability	21	1,231,334	1,117,344
Less: Cash and Cash Equivalents	16	(1,474,528)	(2,728,951)
Net Debt		(243,194)	(1,484,003)
Total Capital		5,875,237	5,619,569
Gearing Ratio		(4%)	(26%)

Excluding the lease liability as at 31 December 2022 the gearing ratio would be (25%) (2021: (46%)).

34. Events subsequent to balance date

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

Other Information

Listing Requirements of the South Pacific Stock Exchange (SPX)

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

1. Related party shareholding

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

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

2. Shareholder listing

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

Shareholders	Number of shares	Percentage
South Pacific Free Bird Co. Ltd	1,479,819	62.04%
FHL Trustees Limited ATF Fijian Holdings Unit Trust	250,806	10.51%
Hiroshi Taniguchi	155,000	6.50%
Masayasu Muramatsu	128,450	5.38%
IBC Co. Ltd	80,354	3.37%
Platinum Insurance Limited	65,312	2.74%
Toshikazu Torimoto	46,284	1.94%
Yoshinobu Higashi	30,967	1.30%
Jimaima T & Roland F. Schultz	25,970	1.09%
Tomoko Tanaka	20,828	0.87%
Pravin Patel	10,284	0.43%
Shakuntla Prasad	10,284	0.43%
Suresh Prasad	10,284	0.43%
Tutanekai Investments Limited	8,356	0.35%
Namaka Public School	8,000	0.34%
Vamarasi Kafoa	5,968	0.25%
Ronald Ravinesh Kumar	5,791	0.24%
Yortmar No 12 Pty Ltd	3,085	0.13%
Coomberdale Limited	2,570	0.11%
Purna Pravin Patel	2,570	0.11%

3. Share distribution schedule

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

Number of Shareholders	Shareholding	Total % Holding
75	0-500 shares	0.47%
27	501 -5000 shares	1.32%
4	5,001-10,000 shares	1.18%
3	10,001 - 20,000 shares	1.29%
2	20,001 - 30,000 shares	1.96%
1	30,001 - 40,000 shares	1.30%
1	40,001 - 50,000 shares	1.94%
2	50,001 - 100,000 shares	6.11%
3	100,001 - 1,000,000 shares	22.40%
1	> 1,000,000	62.04%
119		100%

4. Meetings of the Board

The Board of Directors met 5 times during the year and the attendance at these meetings by the members is provided below.

Member	26/03/2022	28/05/2022	09/07/2022	27/08/2022	17/12/2022
Hiroshi Taniguichi	Р	Р	Р	Р	Р
Mereseini Baleilevuka	Р	N/A	N/A	N/A	N/A
Waisale Iowane	Р	Р	Р	N/A	N/A
Yoshinobu Higashi	AP	N/A	N/A	N/A	N/A
Latileta Qoro	Р	N/A	N/A	N/A	N/A
Adi Litia Qionibaravi	Α	N/A	N/A	N/A	N/A
Yoko Nameki	Р	Р	Р	Р	Р
Rina Kumar	N/A	Р	Р	Р	Р
Takumi Kawai	N/A	Р	Р	Р	Р
Masao Kaneko	N/A	Р	Р	Р	Р

P - Present AP - Apologies A - Absent N/A - Not Applicable

Corporate Directory

Registered Office: Office 1, Level 1, Lot 13 Commercial Street, Concave

Drive, 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

Complied by: Roqiqi Korodrau (CFO)

Notice of Annual General Meeting

Notice is hereby given that the 2023 Annual General Meeting of the members of Free Bird Institute Limited will be held on Saturday 27 May 2023 at 12pm via Zoom.

Order of Business

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

To participate in the virtual AGM, both shareholders and stakeholders must complete the form found on page 84 and adhere to the instructions on the same page regarding where to submit the completed form and the deadline for submission.

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

Agenda

1. General Business:

Minutes of the last AGM

To receive, consider and adopt the Minutes of the last Annual General Meeting held on 28 May 2022 as a true and correct record of the meeting.

2. Ordinary Business:

(a) Audited Financial Statements for the year ended 31 December 2022

To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2022 comprising of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, directors' report, statement by the directors and the Report of the Auditors together with the notes comprising significant accounting policies and other explanatory information for the year then ended.

(b) Appointment and Retirement of Directors

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

Hiroshi Taniguchi

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

Yoko Nameki

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

Takumi Kawai

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

Rina Kumar

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

Masao Kaneko

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

Sandeep Singh

In accordance with Article 3.4 of the Company's Board Charter, Sandeep will be offering himself for appointment as a Director of the Company. The Board propose that he be appointed to the Board as a replacement for Masao Kaneko, who will not be seeking reappointment.

(c) Appointment of Auditors

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

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

(d) Final Dividends 2022.

The Board proposes that no further dividend be declared with respect to the 2022 financial year and that the interim dividend declared in November 2022 be considered final dividend for 2022.

Special Business:

All other business transacted at an AGM is special business.

By order of the Board of Directors.



Roqiqi Korodrau- Company Secretary

Notes:

1. Explanatory Notes containing information in relation to each of the following resolutions accompanies the Notice of Meeting.

- 2. A member who is unable to attend the meeting is entitled to appoint a proxy to attend the meeting and vote on his behalf.
- 3. The proxy need not be a member of the company. [in accordance with Articles of Association of the Company]
- 4. A proxy form is enclosed with this notice of meeting. To be effective the form must reach the registered office of the company not less than 48 hours before the time for holding the meeting.

Explanatory Notes

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

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

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

(a) Adoption of Financial Statements

The Audited financial statements for the year ended 31 December 2022 comprising of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, Reports of the Directors and Auditors included in the 2022 Annual Report will be tabled to the shareholders at the AGM for consideration and adoption in line with the Company's Articles of Association and relevant provisions of the Companies Act 2015.

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

(b) Election of Directors

(i) Hiroshi Taniquchi

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.

Explanatory Notes (continued)

Election of Directors (continued)

(ii) Yoko Ishimoda Nameki

Yoko has over 16 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.

(iii) Takumi Kawai

Takumi, a skilled business professional, is the Founding Partner of Misono Sogo Advisory, llc, a company that specializes in offering Japanese companies comprehensive management and governance advice. He is also a partner at Iris, a well-known HR company in Japan. With his vast experience in business and management, Takumi was appointed as the Director and COO for Patent Valuation Advisory, inc., where he supervises daily operations and provides valuable insights and guidance to the team. Takumi's outstanding leadership skills and business expertise have made a significant contribution to the growth and success of Free Bird Institute.

(iv) Rina Kumar

Rina is currently employed as a Lecturer at FNU. She has a Master's degree in Education from the University of Southern Queensland, Australia, and a Bachelor's degree in Education from the University of the South Pacific. Rina has more than 11 years of experience working in the education sector at FNU, making her extremely knowledgeable and experienced in her field. Moreover, she has also taught at the University of the South Pacific for several years, which has further improved her expertise and understanding of the educational landscape in the region.

(iv) Sandeep Singh

Sandeep holds a Bachelor of Arts degree in Management and Public Administration, as well as a Master of Development Practice with a specialization in Social, Political, and Economic Development. His educational background has provided him with a solid foundation for his career in development work.

Sandeep has an impressive track record of leadership roles, having served as the Chairman of Helping Hands and Hearts Inc, where he oversaw the organization's philanthropic efforts. Additionally, he has held the position of Head of the Program for the Philippine Rice Fortification Task Force.

As a Program Director for the UNDP Sandeep has worked in multiple countries, including Madagascar, Bangladesh, Indonesia, and the Philippines. Through his work, he has been instrumental in implementing various development programs aimed at improving the quality of life for communities in these regions.

Explanatory Notes (continued)

(c) Appointment of Auditors

It is proposed that the existing auditors should undergo a rotation to ensure that a new set of auditors scrutinizes and examines the financial statements with a fresh perspective. This proposition is rooted in the principle of good corporate governance, as it promotes transparency and accountability by reducing the risk of familiarity bias.

The Board proposes to appoint Ernst and Young as the Auditors to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting at a remuneration as may be mutually agreed between the Board and the Auditors.

(d) Final Dividends 2022

In November 2022, the Board had declared an interim dividend of \$0.12/share totalling \$285,036 dividends declared.

The market share price at the time of declaration was \$3.65 which meant the return on investment was a 3.29%

The Board proposes that no further dividend be declared with respect to the 2022 financial year and that the interim dividend declared in November 2022 be considered final dividend for 2022.

Name of Member:			
Registered Address:			
SIN:			
/We, being the member(s) c Company, hereby appoint:	of share	s of the above-n	amed
Name	, of	or failing	g that;
Name	, of	as my/ou	ır

proxy to attend and vote on a show of hands and poll on my/our behalf at the Annual General Meeting of the Company, to be held on Saturday 28 May 2023 at 12pm via Zoom and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Resoluti	Resolutions		Option	al
on No.		For	Against	Abstain
1	General Business: Adoption of 2021 AGM Minutes			
	Ordinary Business:			
2(a)	Adoption of Financial Statements			
2(b) (i)	Election of Director – Hiroshi Taniguchi			
2(b) (ii)	Election of Director – Yoko Nameki			
2(b) (iii)	Election of Director – Takumi Kawai			
2(b) (iv)	Election of Director – Rina Kumar			
2(b) (v)	Election of Director – Sandeep Singh			
2(c)	Appointment of Auditors			
2(d)	Ratification of no dividend payment			
	(Any other business in conformity with the Articles of Association)			

Signed this	_day of	2023.
Signature of Member(s)		

Proxy Form (continued)

Notes:

1. *It is optional to put an 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For'/'Against'/'Abstain' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

- 2. If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority to conduct a poll.
- 3. If a representative of the corporation is to attend the meeting, "Appointment of Corporate Representative" should be filled in. If the Corporate Representative wishes to appoint a Proxy, this Form must be duly filled in.
- 4. This Proxy Form must be received by the Company:

(i) via mail: The Company Secretary

Free Bird Institute Limited

P.O Box 11065

Waimalika, Nadi, Fiji

OR

(ii) Hand delivered to:

Office 1, First Floor,

Lot 13 Commercial Street.

Concave Subdivision, Namaka, Nadi, Fiji

OR

(iii) Email to: <u>companysecretary@fbi.ac.fj</u>

By/before 12pm on 25th May 2023, being 48 hours before the commencement of the meeting. Any Proxy Form received after the specified time and date will not be valid for the scheduled meeting.

This form may be used by a Company or other body corporate which is a security holder

Appointment of Corporate Representative

or which has	been appointed as	s a proxy by a security holder.
Insert the name	of the body corporate	making the appointment.
Hereby appo	oints	
		se note that multiple representatives can be appointed but only one corporate's powers at any one time.
to act as its r	epresentative at:	
☐ All meeting	gs: OR	
☐ the meetir	ng held on	(insert date)
Of Free Bird I	nstitute Limited.	
Signatures –	this must be comple	eted.
ommon Seal	Director:	Sole Director & Sole Secretary
f Applicable)	Director/Comp	any Secretary:

Notes:

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

Online Registration Form

Name(s) of shareholder(s)	
Shareholder Identification Number (SIN) Full name of online attendee	
Email address of online attendee	
Contact number for online attendee	
Indicate whether	 ☐ Shareholder ☐ Proxy for shareholder(s) ☐ Corporate Representative of a Company or Body Corporate
Signature of online attendee	

Important Notice

- 1. Full name and voter identification card number/passport number(s)/company registration number is required for purposes of verification.
- 2. By completing and submitting this form, you agree and acknowledge that the Company and/or our service provider may collect, use and disclose your personal data, as contained in your submitted form for the purpose of processing and effecting your request.
- 3. Photographic, sound and/or video recordings of the Company's AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Company's AGM. Accordingly, the personal data of a shareholder of the Company (such as his name, his presence at the Company's AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.
- 4. All registered shareholders, proxies and corporate representatives wishing to attend the AGM online will be sent an email invitation which will contain the ZOOM ID and password for the meeting. This email will be sent to the email address provided to us above.
- 5. Online attendees will be required to raise their hand to vote.
- 6. Please ensure that the completed form is received by Free Bird Institute Limited **by/before 12pm on 25 May 2023** using the following means addressed to the Company Secretary:

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

Concave Subdivision, Namaka, Nadi

Fiji

OR

Mail: P.O Box 11065

Waimalika, Nadi

OR

Email: <u>companysecretary@fbi.ac.fj</u>

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

