Free Bird Institute Limited

Financial Statements

31 December 2023

Free Bird Institute Limited
For the year ended 31 December 2023

Contents

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

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

Directors

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

Hiroshi Taniguchi (Chairman)	Sandeep Singh (appointed: 27/05/2023- retired: 06/09/2023)
Yoko Nameki	Kawai Takumi
Rina Kumar	Masao Kaneko (retired: 27/05/2023)

State of affairs

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

Principal activities

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

Results

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

Dividends

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

Current assets

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

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

Receivables

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

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

Related party transactions

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

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

Going concern

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

Events subsequent to balance date

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

Other circumstances

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

Directors' interests

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

	Beneficially		**Non-beneficially**	
	Additions	**Holding**	**Additions**	**Holding**
Hiroshi Taniguchi	-	155,000	-	

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

Signed in accordance with a resolution of the Directors.

Director **Director**

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

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

(a) the accompanying statement of profit or loss and other comprehensive income of the Company is drawn up so as to give a true and fair view of the results of the Company for the year ended 31 December 2023;

(b) the accompanying statement of changes in equity of the Company is drawn up so as to give a true and fair view of the changes in equity of the Company for the year ended 31 December 2023;

(c) the accompanying statement of financial position of the Company is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2023;

(d) the accompanying statement of cash flows of the Company is drawn up so as to give a true and fair view of the cash flows of the Company for the year ended 31 December 2023;

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

(f) all related party transactions have been adequately recorded in the books of the Company; and

(g) the financial statements have been prepared in accordance with the Companies Act 2015.

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

Signed in accordance with a resolution of the Directors.

Director **Director**

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

Tel: +679 666 2433
Fax: +679 666 7282
ey.com

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

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

(a) no contraventions of the auditor independence requirements of the Companies Act 2015 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young
Chartered Accountants

Shaneel Nandan
Partner
Nadi, Fiji
26th March 2024

A member firm of Ernst & Young Global Limited

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

Tel: +679 666 2433
Fax: +679 666 7282
ey.com

Independent Auditor's Report

To the Shareholders of Free Bird Institute Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Revenue recognition – Service fees

Why significant	How our audit addressed the key audit matter
The Company has a service agreement with its parent company and other agents to provide a variety of services to students studying in Fiji. The service agreements outline the service fees earned by the Company for each type of service provided to students. The service fees earned from the parent company comprise most (98%) of the Company's service revenue. Service fees are recognised as revenue when the Company delivers the relevant service to the student. We identified revenue recognition related to service fees as a key audit matter due to: ▸ the significance of the revenue amount ▸ the related party nature of the majority of this revenue	Our audit procedures to assess revenue recognition included the following: ▸ evaluating the appropriateness of the Company's revenue recognition policies against the requirements of the accounting standards. ▸ inspecting the key terms and conditions of the contract with the parent company to assess if there were any terms and conditions that may have affected the accounting treatment of the related service fees. ▸ obtaining an understanding of the Company's processes for recognition of each major type of services fees.

A member firm of Ernst & Young Global Limited

Independent Auditor's Report (continued)

Key Audit Matters (continued)

Revenue recognition – Service fees (continued)

Why significant	How our audit addressed the key audit matter

- the level of audit effort required to assess the various types of services provided to students, each with differing fees and attributes. We focused on assessing the nature, timing and amount of revenue recognised by the Company in accordance with accounting standard requirements.
 	
Disclosures related to service fee revenue are included in Note 3(g) to the financial statements.
	- performing analytical procedures on service fees by developing an expectation for each type of service using independent inputs (e.g., contracts and student arrivals) and information from the Company's student registration database and comparing such expectations with recorded revenue.
	- recalculating service fee revenue earned from the parent company based on attendance and service information from the student registration database.
	- selecting a sample of students from the student registration database and:
	  - agreeing student details to signed application forms.
	  - comparing the details of the services recorded as being provided and the relevant dates to those requested in the application forms.
	  - performing testing to assess whether service fees were recognised in the correct reporting period by reference to the contract and evidence of service delivery.
	  - obtaining evidence of the student's physical presence in the country.
	- inspecting underlying documentation for a sample of manual journal entries impacting recorded service fees.
	- evaluating the adequacy of the disclosures in the financial statements.

Other Matter

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

Other Information

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

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

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

Building a better working world

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements

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

a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the Company has kept financial records sufficient to enable the financial statements to be prepared and audited.

Ernst & Young
Ernst & Young
Chartered Accountants

Shaneel Nandan
Partner
Nadi, Fiji
26th March 2024

A member firm of Ernst & Young Global Limited

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

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

The notes on pages 13 to 43 are an integral part of these financial statements.

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

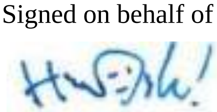
	Share capital $	Retained Earnings $	Equity contribution reserve $	Total $
Balance at 1 January 2022	3,159,671	2,204,661	255,237	5,619,569
Total comprehensive income for the year				
Profit for the year	-	505,544	-	505,544
Total comprehensive income for the year	-	505,544	-	505,544
Transactions with owners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

The notes on pages 13 to 43 are an integral part of these financial statements.

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

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

Signed on behalf of the Board



Director

Director

The notes on pages 13 to 43 are an integral part of these financial statements.

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

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

The notes on pages 13 to 43 are an integral part of these financial statements.

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

1. Reporting Entity

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

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

2. Basis of preparation

(a) Statement of compliance

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

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

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

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

(i) <u>Claims liabilities arising under in-house insurance contracts</u>

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

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

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

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

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

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

(e) Going concern

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

3. Summary of Accounting Policies

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

(a) Cash and cash equivalents

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

(b) Property, plant and equipment

(i) Recognition and measurement

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

3. Summary of Accounting Policies (continued)

(b) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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

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

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

(c) Employee benefits

Defined contribution plan

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

Short-term benefits

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

Annual leave

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

(d) In-house insurance contracts

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

(i) In-house insurance premium revenue

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

(ii) Unearned premium

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

3. Summary of Accounting Policies (continued)

(d) In-house insurance contracts (continued)

(iii) Commission

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

(iv) In-house insurance claims

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

(v) Claims liability

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

(e) Financial instruments

(i) Recognition and initial measurement

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

(ii) Classification and subsequent measurement

Financial assets

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

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

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

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

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

3. Summary of Accounting Policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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

The classification of financial assets as at 31 December 2023 are as follows:	**Classification**
Cash and cash equivalents (excluding cash on hand)	Amortised
Trade and other receivables	Amortised
Term deposits	Amortised
Shares in Port Denarau Marina Ltd (PDML)	FVTPL

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

3. Summary of Accounting Policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

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

Financial assets: Subsequent measurement and gains and loss

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

(iii) Derecognition

Financial assets

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

3. Summary of Accounting Policies (continued)

(e) Financial instruments (continued)

Financial liabilities

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

Offsetting

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

(f) Impairment

(i) Non derivative financial assets

Financial instruments and contract assets

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

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

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

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

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

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

3. Summary of Accounting Policies (continued)

(f) Impairment (continued)

(i) Non derivative financial assets (continued)

The Company applied the two stage approach to amounts receivable from related parties to identify significant increases in credit risk. In calculating a provision for expected credit losses, the Company considers what is the probability of the related party defaulting. In assessing the risk of default, the Company considers the following factors:
- actual failure to pay within payment terms of the receivable;
- the related parties credit worthiness and financial position; and
- adverse changes to the overall viability of the related party operations.

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

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

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

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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

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

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

3. Summary of Accounting Policies (continued)

(f) Impairment (continued)

(ii) Non financial assets (continued)

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

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

(g) Revenue

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

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

Service fees

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

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

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

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

3. Summary of Accounting Policies (continued)

(g) Revenue (continued)

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

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

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

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

(i) Trade and other payables, contract liabilities and payables to related parties
Trade and other payables and payable to related parties are stated at amortised cost.

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

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

3. Summary of Accounting Policies (continued)

(k) Finance income and finance cost (continued)

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

(l) Foreign currency transactions

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

(m) Dividend distribution

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

(n) Income tax

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

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

3. Summary of Accounting Policies (continued)

(n) Income tax (continued)

(ii) Deferred tax (continued)

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

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

(o) Leases

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

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

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

<u>i. As a lessee under IFRS 16</u>

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

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

3. Summary of Accounting Policies (continued)

(o) Leases (continued)

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

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

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

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

Short-term leases and leases of low-value assets

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

(p) Comparative figures

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

(q) IFRS 17 - Insurance Contracts

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

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

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

3. Summary of Accounting Policies (continued)

(q) IFRS 17 - Insurance Contracts (continued)

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

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

(i) Measurement - Premium Allocation Approach

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

3. Summary of Accounting Policies (continued)

(q) IFRS 17 - Insurance Contracts (continued)

(i) Measurement - Premium Allocation Approach (continued)

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

4. Standards issued and are not yet effective

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

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

5. Risk management

(a) Insurance risk

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

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

5. Risk management (continued)

(a) Insurance risk (continued)

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

(b) Financial risk management

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

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

Risk management framework

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

(i) Credit risk

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

Trade and other receivables

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

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

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

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

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

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

5. Risk management (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

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

Cash and cash equivalents and term deposits

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

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

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

(ii) Liquidity risk

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

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

Exposure to liquidity risk

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

		Contractual cash flows			
	Carrying amount	**Total**	**Up to 1 year**	**1-2 years**	**More than 2 years**
31 December 2023	**$**	**$**	**$**	**$**	**$**
Trade and other payables	216,335	216,335	216,335	-	-
Payable to related parties	357,633	357,633	357,633	-	-
Lease liabilities	1,323,742	2,903,425	162,000	138,624	2,602,801
	1,897,710	3,477,393	735,968	138,624	2,602,801
31 December 2022	**$**	**$**	**$**	**$**	**$**
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

5. Risk management (continued)

(b) Financial risk management (continued)

(iii) Market risk

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

Interest rate risk

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

Exposure to interest rate risk

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

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

Cash at bank is non-interest bearing.

Fair value sensitivity analysis for fixed rate instruments

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

Currency risk

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

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

Exposure to currency risk

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

	2023 **Yen**	**2022** **Yen**
Financial assets		
Trade receivables	243,022,412	133,766,846

5. Risk management (continued)

(b) Financial risk management (continued)

(iii) Market risk (continued)

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

The above amounts are in Yen as at 31 December.

The following significant exchange rates have been applied:

	Year end spot rates	
	2023	2022
JPY	63.82	59.92

Sensitivity analysis

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

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

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

(iv) Accounting classifications and fair values

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

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

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

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

6. Operating segments

(a) Basis for segmentation

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

6. Operating segments (continued)

(a) Basis for segmentation

The following summary describes the operations of each reportable segment.

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

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

(b) Informational about reportable segments

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

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

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

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

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

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

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

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

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

15. Income tax (continued)

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

Movement in temporary differences during the year

	1 January 2023 $	Recognised in income statement $	31 December 2023 $
Employee benefits	1,334	665	1,999
Trade receivables	5,488	3,512	9,000
Unrealised Foreign exchange gain	12,895	(1,125)	11,770
Right-of-use assets	(112,601)	(73,324)	(185,925)
Lease liability	123,133	75,428	198,561
Property plant and equipment	(4,016)	(2,180)	(6,196)
	26,233	2,976	29,209

	1 January 2022 $	Recognised in income statement $	31 December 2022 $
Employee benefits	1,687	(353)	1,334
Trade receivables	5,488	-	5,488
Unrealised Foreign exchange gain	7,280	5,615	12,895
Right-of-use assets	(103,460)	(9,141)	(112,601)
Lease liability	111,734	11,399	123,133
Property plant and equipment	(3,226)	(790)	(4,016)
	19,503	6,730	26,233

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

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

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

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

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

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

	2023	2022
19. Term deposits	**$**	**$**
Current	591,646	591,646
Non current	24,435	24,435
	616,081	616,081

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

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

20. Equity instruments	**$**	**$**
Shares in Port Denarau Marina Ltd (PDML)	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.

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

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

Lease Liabilities

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

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

	$	**$**
Current	67,054	68,753
Non-current	1,256,688	1,162,581
	1,323,742	1,231,334

21. Leases (continued)

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

Extension options

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

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

22. Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

26. In-house insurance liabilities (continued)

Insurance contracts

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

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

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

27. Share capital

	2023	2022
(a) Authorised capital		
Ordinary shares	2,385,413	2,385,413

(b) Issued capital	**$**	**$**
2,385,413 (2022:2,385,413)	3,194,831	3,194,831

Shares of the Company do not have a par value.

Shareholders at 31 December:		
South Pacific Free Bird Company Limited (Japan)	1,478,669	1,479,819
FHL Trustees Ltd	250,806	250,806
Hiroshi Taniguchi	155,000	155,000
Masayasu Muramatsu	122,753	128,450
IBC Ltd (Japan)	80,354	80,354
Platinum Insurance Limited (Vanuatu)	65,192	65,312
Toshikazu Torimoto	46,284	46,284
Yoshinobu Higashi	29,704	30,967
Others	156,651	148,421
	2,385,413	2,385,413

(c) Equity contribution reserve

The equity contribution reserve represents the difference between the nominal value of the amounts payable to related parties and their fair value. As the financing was provided by shareholders acting in their capacity as shareholders, the difference was treated as an equity contribution reserve.

(d) Dividends

	$	$
An interim dividend was declared for the year ended 2023: $0.12 per ordinary shares (2022: $0.12)	286,250	285,036
Dividend reinvested in ordinary shares	-	(35,160)
Total dividend paid	286,250	249,876

28. Earnings per share

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

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

29. Related parties

(a) Directors

The directors in office during the year were:

Hiroshi Taniguchi (Chairman)
Yoko Nameki
Kawai Takumi
Rina Kumar
Sandeep Singh (resigned: 06/09/2023)
Masao Kaneko (resigned: 27/05/2023)

Directors fees are disclosed in Note 13.

(b) Parent Company

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

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

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

(d) Transactions with related parties

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

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

29. Related parties (continued)

(e) Transactions with key management personnel

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

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

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

Key management compensation is disclosed under Note 12.

30. Commitments

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

31. Contingent liabilities

Contingent liabilities amount to $Nil (2022; Nil)

32. Capital risk management

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

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

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

33. Events subsequent to balance date

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