One on One
LEARNING MADE PERSONAL

ONE on ONE EDUCATIONAL SERVICES LIMITED

Audited Financial Statements

2023

YEAR ENDED
31 AUGUST 2023

ONE ON ONE EDUCATIONAL SERVICES LIMITED

FINANCIAL STATEMENTS

THE YEAR ENDED AUGUST 31, 2023

CONTENTS

CrichtonMullings & ASSOCIATES
Certified Public Accountants | Chartered Accountants | Consultants

Leary Mullings
FCA, CPA, MBA
Senior Partner

Rohan Crichton
FCA, CPA MActg
Senior Partner

CrichtonMullings & Associates
Florida: (954) 862-2250
Atlanta: (770) 320-7786
Jamaica: (876) 946-1274
admin@crichtonmullings.com
http://crichtonmullings.com/

INDEPENDENT AUDITOR'S REPORT

To the members of

ONE ON ONE EDUCATIONAL SERVICES LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of One on One Educational Services Limited (the "Company"), which is comprised of the statement of financial position as at August 31, 2023, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

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

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 Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Cont. /2

Independent Auditor's Report (cont'd)

To the members of

ONE ON ONE EDUCATIONAL SERVICES LIMITED

Key audit matters (cont'd)

Key audit matters	**How the matter was addressed in our audit**
1) Impairment assessment of intangible assets Included on the Statement of Finacial Position is an intangible assets balance of $266.4 million as of August 31, 2023, which relates to intellectual property, computer software and educational content development work-in-progress. The Company is required to, at least annually, perform impairment assessments of intangible assets that have an indefinite useful life. For intangible assets with finite useful lives, the Comapny is required to review these for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, and at least annually, review whether there is any change in their expected useful lives. For the purpose of performing impairment assessments, all intangible assets have been allocated to a group of cash generating units (“CGUs”). The recoverable amount of the underlying CGUs is supported by value-in-use calculations which are based on future discounted cash flows. Management concluded that the intangible assets including goodwill were not impaired as of August 31, 2023. We focused on this area as the assessments made by management involved significant estimates and judgments, including sales growth rates, gross profit margin, net profit margin and perpetual growth rates used to estimate future cash flows and discount rates applied to these forecasted future cash flows of the underlying CGUs. These estimates and judgments may be affected by unexpected changes in future market or economic conditions or discount rates applied.	Our audit procedures to address the key audit matter relating to the impairment assestment included the following: - We understood, evaluated and validated management’s key controls over the impairment assessment process. - We compared the methodology used (value-in-use calculations based on future discounted cash flows) by the Company to best practice. - We obtained management’s future cash flow forecasts, tested the mathematical accuracy of the underlying value-in-use calculations and agreed them to the approved one-year financial budget and future forecasts. We also compared historical actual results to those budgeted to assess the quality of management’s forecasts. - We also assessed the reasonableness of key assumptions used in the calculations, comprising sales growth rates, gross profit margin, net profit margin, perpetual growth rate and discount rates. When assessing these key assumptions, we discussed them with management to understand and evaluate management’s basis for determining the assumptions, and compared them to external industry outlook reports and economic growth forecasts from a number of sources. profiles and market information. - We evaluated management’s assessment on whether any events or change in circumstances indicate there may be a change in the expected useful lives of intangible assets. - We found the Company’s estimates and judgments used in the impairment assessment and review of useful lives of intangible assets to be supported by the available evidence.

Cont. /3

Independent Auditor's Report (cont'd)

To the members of
ONE ON ONE EDUCATIONAL SERVICES LIMITED

Key audit matters (cont'd)

Key audit matters	**How the matter was addressed in our audit**
2) Allowance for expected credit losses As described in Notes 3 (m), 10, and 25, and in accordance with IFRS 9 – 'Financial Instruments', the Company applies the simplified approach to computing expected credit losses ('ECLs') on trade receivables and other related assets. The measurement of ECLs requires management to consider its historical credit loss experience and current business conditions, adjusted for forward-looking factors such as economic indicators, which may impact a debtor's ability to pay. The ECLs being recorded are therefore considered to be highly subjective.	Our audit procedures to address the key audit matter relating to allowance for expected credit losses included the following: - We evaluated the techniques and methodologies developed by the Company in order to estimate the ECLs, and assessed their compliance with the requirements of IFRS 9. - We assessed the reasonableness of the methodologies and assumptions applied, by validating the completeness of the inputs used to derive the loss rates, which are integral to the provision matrix used in determining the ECLs for trade receivables. - We corroborated management's assumptions with data from external sources, particularly with respect to the determination of whether there has been a significant increase in credit risk, probabilities of default and loss given default rates. - We also assessed the adequacy of disclosures in the financial statements. Based on the procedures performed, management's assessment of expected credit losses appears reasonable.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate with the Board of Directors.

Cont. /4

To the members of
ONE ON ONE EDUCATIONAL SERVICES LIMITED

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is located at pages 5-6, forms part of our auditor's report.

Report on additional matters as required by the Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor's report is Leary Mullings.

CrichtonMullings & Assoc.

CrichtonMullings & Associates
Chartered Accountants

Kingston, Jamaica
October 27, 2023

Cont. /5

To the members of
ONE ON ONE EDUCATIONAL SERVICES LIMITED

Appendix to the independent auditor's report

As part of an audit in accordance with ISAs, 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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Cont. /6

To the members of
ONE ON ONE EDUCATIONAL SERVICES LIMITED

Appendix to the independent auditor's report (cont'd)

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

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

ONE ON ONE EDUCATIONAL SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2023

	Notes	2023	2022
ASSETS		$	$
Non-current Assets			
Intangible assets	5	266,414,969	202,692,546
Property, plant and equipment	6	31,548,057	5,728,815
Righ-of-use asset	7	9,680,716	-
Total non-current assets		307,643,742	208,421,361
Current Assets			
Due from directors	8	22,022,574	17,758,190
Inventories	9	30,743,378	12,994,334
Trade and other receivables	10	97,016,296	88,258,387
Cash and bank balances	11	57,129,431	253,311,225
Total current assets		206,911,679	372,322,136
Total Assets		514,555,421	580,743,497
EQUITY AND LIABILITIES			
Equity			
Issued share capital	12	413,838,628	413,838,628
Accumulated (deficit) / surplus		(9,759,955)	28,004,424
		404,078,673	441,843,052
Non-current Liability			
Long-term loan and convertible promissory notes	13	-	37,260,640
Deferred tax liability	14	19,102,791	12,870,160
Right-of-use asset	7	8,312,492	-
		27,415,283	50,130,800
Current Liabilities			
Current portion of lease liability	7	1,824,184	-
Current portion of long term loan	13	28,500,000	33,758,135
Deferred income	15	8,198,470	8,800,641
Trade and other payables	16	44,538,811	46,210,869
Total current liabilities		83,061,465	88,769,645
Total Equity and Liabilities		514,555,421	580,743,497

The financial statements on pages 7 to 33 were approved for issue by the Board of Directors on October 27, 2023 and signed on its behalf by:

Director

Director

The acompanying notes form an integral part of the financial statements

ONE ON ONE EDUCATIONAL SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
THE YEAR ENDED AUGUST 31, 2023

	Notes	2023 $	2022 $
Revenues from contracts with customers	**4**	**266,584,552**	266,910,874
Direct cost	**17**	**(65,446,369)**	(61,621,984)
Gross profit		**201,138,183**	205,288,890
Other income		**10,931,154**	9,841,522
		212,069,337	215,130,412
Administrative expenses	**18**	**(195,475,353)**	(149,093,143)
Selling expenses	**19**	**(34,933,802)**	(22,451,062)
Operating (loss) / profit	**20**	**(18,339,818)**	43,586,207
Expected credit losses		**(9,658,306)**	(12,556,944)
Finance costs	**21**	**(4,776,041)**	(15,166,823)
(Loss) / Profit before taxation		**(32,774,165)**	15,862,440
Taxation charge	**22**	**(4,990,214)**	(3,599,165)
Net (loss) / profit, being total comprehensive (expense) / income for the year		**(37,764,379)**	12,263,275
(Loss) / Earnings per share for the (loss) / profit attributable to the equity holders of the Company during the year	**23**	**$ (0.02)**	0.01

The accompanying notes form an integral part of the financial statements

ONE ON ONE EDUCATIONAL SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
THE YEAR ENDED AUGUST 31, 2023

	Share Capital $	Accumulated (Deficit) / Surplus $	Total $
Balance at August 31, 2021	84,600,000	15,741,149	100,341,149
Issue of share, net of transaction cost (note 12)	329,238,628	-	329,238,628
Net profit, being total comprehensive income for the year	-	12,263,275	12,263,275
Balance at August 31, 2022	413,838,628	28,004,424	441,843,052
Net loss, being total comprehensive expense for the year	-	(37,764,379)	(37,764,379)
Balance at August 31, 2023	**413,838,628**	**(9,759,955)**	**404,078,673**

The accompanying notes form an integral part of the financial statements

ONE ON ONE EDUCATIONAL SERVICES LIMITED
STATEMENT OF CASH FLOWS
THE YEAR ENDED AUGUST 31, 2023

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		**$**	$
Net (loss) / profit for the year		**(37,764,379)**	12,263,275
Adjustment for items not affecting cash resources:			
Amortisation on intangible assets	**5**	**232,003**	55,215
Depreciation charge on property, plant and equipment	**6**	**2,069,702**	924,892
Expected credit loss provision		**(9,658,306)**	(12,556,944)
Depreciation charge on right-of-use asset	**7**	**1,328,142**	-
Gain on disposal fixed assets		**-**	(12,903)
Taxation	**22**	**4,990,214**	3,599,165
Lease interest expense	**21**	**625,740**	-
Interest expense	**21**	**4,837,140**	12,806,817
		(33,339,744)	17,079,517
(Increase) / decrease in operating assets:			
Inventories		**(17,749,044)**	1,944,304
Trade and other receivables		**2,279,523**	38,513,619
Due from related parties		**(4,264,384)**	(20,964,783)
Increase / (decrease) in operating liabilities:			
Trade and other payables		**1,547,380**	(20,183,112)
Deferred income		**(602,171)**	480,812
Cash (used in) / provided by operating activities		**(52,128,440)**	16,870,357
Taxation paid		**(3,356,148)**	-
Net cash (used in) / provided by operating activities		**(55,484,588)**	16,870,357
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of preference shares		**-**	(5,000,000)
Acquisition of intangible assets	**5**	**(63,954,426)**	(62,925,756)
Acquisition of property, plant and equipment	**6**	**(27,888,944)**	(1,030,595)
Proceeds from sale of assets		**-**	64,200
Net cash used in investing activities		**(91,843,370)**	(68,892,151)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability payments, net		**(1,497,921)**	-
Issued share capital, net		**-**	329,238,628
Proceeds from loan and convertible promissory note		**28,500,000**	30,000,000
Repayment of loans		**(71,018,775)**	(78,748,637)
Interest paid	**21**	**(4,837,140)**	(12,806,817)
Net cash (used in) / provided by financing activities		**(48,853,836)**	267,683,174
NET (DRECREASE) / INCREASE IN CASH AND BANK BALANCES		**(196,181,794)**	215,661,380
OPENING CASH AND BANK BALANCES		**253,311,225**	37,649,845
CLOSING CASH AND BANK BALANCES		**57,129,431**	253,311,225

The accompanying notes form an integral part of the financial statements

1. IDENTIFICATION

One on One Educational Services Limited is a limited liability Company incorporated in Jamaica under the Jamaican Companies Act (the "Act"). The registered office of the Company is 9th Floor, PanJam Building, 60 Knutsford Boulevard, Kingston 5.

The principal activities of the Company are the provision of personalized online learning solutions and off-the-shelf content.

The Company became listed on the Junior Market of the Jamaica Stock Exchange on September 1, 2022.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of Compliance

The Company's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and the relevant requirements of the Act.

The financial statements have been prepared under the historical cost convention and are expressed in Jamaican dollars, unless otherwise indicated.

The preparation of financial statements in conformity with IFRS and the Act requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year then ended. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that year, or in the year of revision and future years, if the revision affects both current and future years.

There are no significant assumptions and judgements applied in these financial statements that carry a risk of material adjustment in the next financial year.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(b) Changes in accounting standards and interpretations:

Certain new standards and interpretations of and amendments to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standards, interpretations and amendments are relevant to its operations:

- *IAS 16 'Property, Plant and Equipment - Proceeds before Intended Use', issued May 2020*
  Effective for periods commencing on or after 1 January 2022.
- *IAS 37 'Onerous Contracts — Cost of Fulfilling a Contract- Amendment', issued May 2020.*
  Effective for periods commencing on or after 1 January 2022.
- *Reference to the Conceptual Framework in IFRS - Amendments', issued May 2020*
  Effective for periods commencing on or after 1 January 2022
- *IFRS 9 'Financial Instruments - Amendment', issued May 2020*
  Effective for periods commencing on or after 1 January 2022

The following new standards, amendments and interpretations, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company's future financial statements:

- *IAS 1 'Classification of Liabilities as Current or Non-Current- Amendment', issued January 2020.*
  Effective for periods commencing on or after 1 January 2024.
- *IAS 8 'Definition of Accounting Estimates - Amendment', issued February 2021*
  Effective for annual periods commencing on or after 1 January 2023.
- *IAS 12 'International Tax Reform — Pillar Two Model Rules- Amendment', issued May 2023.*
  Effective for periods commencing on or after 1 January 2023.
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).*
  Effective for annual periods commencing on or after 1 January 2023.
- *IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information', issued June 2023.*
  Effective for annual periods commencing on or after 1 January 2024.

The Board of directors anticipate that the adoption of the standards, amendments and interpretations which are relevant to the Company in future years, is unlikely to have any material impact on the financial statements.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgements:

The preparation of the financial statements to conform with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Judgements made by management in the application of International Financial Reporting Standards (IFRS) that have a significant effect on the financial statements and estimates with material uncertainty that have a significant effect on amounts in the financial statements or that have a significant risk of material adjustment in the next financial year are set out below:

(i) Critical accounting judgements in applying the Company’s accounting policies

For the purpose of these financial statements, prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the principles set out in IFRS.

(a) Impairment assessment of intangible assets
The Company tests annually whether intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 3(a). The assessment of intangible assets impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and the discount rate. Any changes in these variables would impact the value in use calculations.

(b) Allowance for expected credit loss (ECL) on trade receivables
In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also makes estimates of the likely estimated future cash flows of impaired receivables, as well as the timing of such cash flows recoverable on the financial assets in determining loss given default. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgements (cont'd):

(i) Critical accounting judgements in applying the Company's accounting policies (cont'd)

(c) Depreciable assets
Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(d) Provision for obsolescence of inventory
Estimates of provision for obsolescence of inventory are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. Estimates of provision for obsolescence also take into consideration the purpose for which the inventory is held.

(e) Leases - Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the IBR used by the Company is the lending rate offered by its banker for similar secured borrowing.

(ii) Key assumptions and other sources of estimation uncertainty
The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

(a) Fair value estimation
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The company's equities are the only financial instrument that is carried at fair value, also where fair value of financial instruments approximates carrying value, no fair value computation is done.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgements (cont'd):

(ii) Key assumptions and other sources of estimation uncertainty (cont'd)

(a) Fair value estimation (cont'd)

IFRS requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above level is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

The fair values of financial instruments that are not traded in an active market are deemed to be determined as follows:

The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, loan, trade and other payables, due to director and related parties.

The carrying values of long term liabilities approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

(b) Allowance for expected credit loss
The Company establishes a provision matrix to calculate ECLs for trade receivables. The provision matrix is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The determination of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of the ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Intangible assets

This represents the costs of software and educational content development, which include costs incurred to bring to use the specific software, video content and certain acquired computer software licences. These intangible assets are identified separately and reported at cost less accumulated amortisation and accumulated impairment losses. The costs of the computer software are amortised over their estimated useful life of five years. The costs of the intellectual property are determined to have an indefinite useful life and are assessed annually for impairment.

The estimated useful life and amortisation method are reviewed at the end of each annual reporting year, with the effect of any changes in the estimate accounted for on a prospective basis.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(b) Property, plant and equipment

All property, plant and equipment are recorded at historical or deemed cost, less any accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the Company's profit and loss and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognized in the statement of comprehensive income as incurred.

Depreciation is calculated on the straight line basis over the estimated useful lives of such assets. The rates of depreciation in use are:

Leasehold improvement	10%
Furniture and fixtures	10%
Office equipment	10%

(c) Inventories

Inventories comprising past examination papers are valued at the lower of cost and net realizable value, determined principally using average cost. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(d) Trade and other receivables

Trade and other receivables are stated at amortized cost.

Appropriate allowances for estimated irrecoverable amounts are recognized in the statement of comprehensive income when there is objective evidence that the asset is impaired.

(e) Cash and bank balances

Cash comprises of cash in hand and cash at bank.

3. SIGNIFICANT ACCOUNTING POLICIES

(f) Revenues from contracts with customers

The Company provides online learning resources to different markets. Customers include corporate contracts, partnerships with government ministries and individual clients.

Revenue comprises the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, stated net of discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the company; and when specific criteria have been met for each of the entity's activities.

(g) Taxation

Income tax expense represents the sum of current income tax and deferred tax.

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates in effect for the reporting year.

(ii) Deferred income tax

Deferred income tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

(h) Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset, or Company of operating assets, exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(j) Borrowing costs

Borrowing costs are recognized in the the statement of comprehensive income in the year in which they are incurred.

(k) Trade and other payables

Trade and other payables are stated at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Related party identification

A party is related to the Company if:

(i) directly or indirectly the party:

- controls, is controlled by, or is under common control with the Company;
- has an interest in the Company that gives it significant influence over the Company; or
- has joint control over the Company.

(ii) the party is an associate of the Company
individual referred to in (iv) or (v) above.

(iii) the party is a joint venture in which the Company is a venturer;

(iv) the party is a member of the key management personnel of the Company

(v) the party is a close member of the family of an individual referred to in (i) or (iv) above

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant coting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v) above

(vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any Company that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(m) Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

Financial assets and liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss where such costs are recognised immediately in profit or loss), as appropriate, on initial recognition.

In these financial statements, financial assets comprise cash and cash equivalents, trade receivables, other receivables, deposits and related party receivables. Financial liabilities comprise accounts payable, customer deposits, related party payables and notes payable.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial instruments (cont'd)

Financial assets (cont'd)

Initial recognition and measurement (cont'd)
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cashflows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of'other' business model and measured at FVTPL.

Subsequent measurement
Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes loan and other receivables, due from related parties and cash and bank balances.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

  When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial instruments (cont'd)

Financial assets (cont'd)

Impairment

The Company recognises an allowance for expected credit losses (ECLs) on the financial instruments measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a life time expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles for services provided over a year of twelve (12) months and the corresponding historical credit losses experienced within this year. The Company has identified the GDP and the inflation rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

The Company's financial liabilities, comprising loans and accounts payable, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

ONE ON ONE EDUCATIONAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
THE YEAR ENDED AUGUST 31, 2023

4. REVENUES

Revenue comprises income from online learning solutions and off the shelf content which is stated net of discounts and allowances.

5. INTANGIBLE ASSETS

Intangible assets comprise of computer software, intellectual property and content development work-in-progress. Computer software has an estimated useful life of five years. Intellectual property is determined to have an indefinite useful life, which is assessed annually for impairment.

	Computer Software	Intellectual Property	Content Development Work In Progress	Total
At Cost				
Balance at August 31, 2021	7,827,310	133,866,733	5,734,703	147,428,746
Additions	-	57,744,399	5,181,357	62,925,756
Balance at August 31, 2022	7,827,310	191,611,132	10,916,060	210,354,502
Additions	1,548,980	57,265,232	5,140,214	63,954,426
Transfers	1,407,533	5,734,702	(7,142,235)	-
Balance at August 31, 2023	**10,783,823**	**254,611,066**	**8,914,039**	**274,308,928**
Accumulated Amortisation				
Balance at August 31, 2021	7,606,741	-	-	7,606,741
Charge for the period	55,215	-	-	55,215
Balance at August 31, 2022	7,661,956	-	-	7,661,956
Charge for the period	232,003	-	-	232,003
Balance at August 31, 2023	**7,893,959**	**-**	**-**	**7,893,959**
Carrying Value				
Balance at August 31, 2021	220,569	133,866,733	5,734,703	139,822,005
Balance at August 31, 2022	165,354	191,611,132	10,916,060	202,692,546
Balance at August 31, 2023	**2,889,864**	**254,611,066**	**8,914,039**	**266,414,969**

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements $	Furniture and Fixtures $	Office Equipment $	Total $
At Cost				
Balance at August 31, 2021	-	972,206	7,853,473	8,825,679
Additions	-	-	1,030,595	1,030,595
Disposal	-	-	(55,974)	(55,974)
Balance at August 31, 2022	-	972,206	8,828,094	9,800,300
Additions	12,354,456	937,818	14,596,670	27,888,944
Balance at August 31, 2023	**12,354,456**	**1,910,024**	**23,424,764**	**37,689,244**
Accumulated Depreciation				
Balance at August 31, 2021	-	420,588	2,730,682	3,151,270
Charge for the year	-	97,221	827,671	924,892
Disposal	-	-	(4,677)	(4,677)
Balance at August 31, 2022	-	517,809	3,553,676	4,071,485
Charge for the period	514,702	131,160	1,423,840	2,069,702
Balance at August 31, 2023	**514,702**	**648,969**	**4,977,516**	**6,141,187**
Net Book Value				
Balance at August 31, 2020	-	551,618	5,122,791	5,674,409
Balance at August 31, 2021	-	454,397	5,274,418	5,728,815
Balance at August 31, 2023	**11,839,754**	**1,261,055**	**18,447,248**	**31,548,057**

7. RIGHT-OF-USE ASSET \ LEASE LIABILITY

The operating lease was recognised by the Company as a right-of-use asset with a corresponding lease liability.The liability was measured at the present value of the remaining lease payments, discounted using the lessee's annual incremental borrowing rate of 10%.

	Building
At Valuation	$
Balance at September 1, 2022	-
Additions	**11,008,858**
Balance at August 31, 2023	**11,008,858**
Depreciation charge of right-of use asset	
Balance at September 1, 2022	-
Charge for year	**1,328,142**
Balance at August 31, 2023	**1,328,142**
Net Book Value	
Balance at 31 August 2023	**9,680,716**

Lease Liability:

	2023
	$
Net present value of lease liability	**11,634,597**
Less: Lease payment	**(1,497,921)**
Balance at 31 August 2023	**10,136,676**
Non-current lease liability	**8,312,492**
Current lease liability	**1,824,184**
Balance at 31 August 2023	**10,136,676**

8. DUE FROM DIRECTORS

	2023	2022
	$	$
Due from directors	**22,022,574**	17,758,190

The amounts due from the directors of the Company are unsecured, with a 5% interest per annum and have five (5) year repayment terms.

9. INVENTORIES

Inventories comprise of content licenses for professionals and perpetual licenses for classroom-in a box devices.

	2023	2022
	$	$
Content licences	**16,623,239**	12,994,334
Perpetual licences	**14,120,139**	-
	30,743,378	12,994,334

10. TRADE AND OTHER RECEIVABLES

	2023	2022
	$	$
Trade receivables	**83,975,713**	83,206,635
Less: Expected credit losses	**(23,024,804)**	(13,366,498)
Net trade receivables	**60,950,909**	69,840,137
Salary advance	**-**	66,667
Withholding tax receivable	**1,465,945**	159,748
Prepayments	**2,338,838**	2,749,870
Deposit on fixed assets	**31,541,645**	-
Deposit on inventory	**-**	15,440,932
Other receivables	**718,959**	1,033
	97,016,296	88,258,387

ONE ON ONE EDUCATIONAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
THE YEAR ENDED AUGUST 31, 2023

11. CASH AND BANK BALANCES

	2023 $	2022 $
Certificate of deposits	**44,277,312**	31,958,364
Sagicor Bank (Jamaica) Limited (USD)	**9,009,841**	7,552,739
Sagicor Bank (Jamaica) Limited (JMD)	**2,569,970**	205,027,442
National Commercial Bank (Jamaica) Limited (USD)	**177,594**	899,383
National Commercial Bank (Jamaica) Limited (JMD)	**921,336**	7,710,868
Scotiabank (Jamaica) Limited (USD)	**149,506**	136,864
Scotiabank (Jamaica) Limited (JMD)	**23,872**	25,565
	57,129,431	253,311,225

12. ISSUED SHARE CAPITAL

	2023 $	2022 $
Authorized share capital:		
100,000,000,000		
Issued and fully paid:		
1,900,000,000	**413,838,628**	413,838,628

(a) On April 13, 2022, at an extraordinary general meeting of the Company, by an ordinary resolution, the authorized share capital of the Company was increased from 50,000,000 to 100,000,000,000.

(b) On July 18, 2022, at an extraordinary general meeting of the Company, by an ordinary resolution, amounts due and owing by the Company were converted to ordinary shares totalling 5,890,949, resulting in the issued shares increasing to 41,890,949.

(c) On July 18, 2022, at an extraordinary general meeting of the Company, by an ordinary resolution, issued and fully paid shares of 41,890,949 were subdivided into 26.5 shares for every existing share, resulting in the issued shares increasing to 1,110,110,149.

(d) On July 18, 2022, at an extraordinary general meeting of the Company, by an ordinary resolution, 409,889,851 were alloted to key partners, resulting in the issued shares increasing to 1,520,000,000 prior to the initial public offering ("IPO").

(e) On August 19, 2022, 380,000,000 new shares were offered to the general public in the IPO, resulting in the issued shares increasing to 1,900,000,000.

(f) The proceeds from the issuance of shares amounted to $358,250,000 less transaction costs of $41,517,095.

(g) On September 1, 2022, the company was listed on the Jamaica Stock Exchange Junior Market.

13. LONG TERM LOAN AND CONVERTIBLE PROMISSORY NOTES

		2023	2022
		$	$
(i)	Sagicor Bank (Jamaica) Limited	**28,500,000**	71,018,775
		28,500,000	71,018,775
	Less: Current portion of long-term loan	**(28,500,000)**	(33,758,135)
	Non-current portion of long term loan	**-**	37,260,640

(i) The loan is scheduled to be repaid over a period of twelve (12) months beginning April 2023. Interest is charged at the rate of 8.50% per annum.

14. DEFERRED TAX LIABILITY

Certain deferred tax liabilties and assets have been offset in accordance with the Company's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	2023	2022
	$	$
Deferred tax liability	**(19,102,791)**	(12,870,160)

Deferred tax liabilities are attributable to the following:

	2023	2022
	$	$
Property, plant and equipment	**(21,459,647)**	(16,296,585)
Trade and other receivables	**2,242,866**	3,426,425
Right-of-use asset	**113,990**	-
	(19,102,791)	(12,870,160)

14. DEFERRED TAX LIABILITY (CONT'D)

The movement during the year in the Company's deferred tax position was as follows:

	2023	2022
	$	$
Balance at the beginning of the year	**(12,870,160)**	(12,490,434)
Movement during the year	**(6,232,631)**	(379,726)
Balance at the end of the year	**(19,102,791)**	(12,870,160)

15. DEFERRED INCOME

	2023	2022
	$	$
Deferred income	**8,198,470**	8,800,641

This represents monies advanced for services to be delivered in subsequent periods. Upon recognition of the service, the amounts will be transferred to the relevant revenue account.

16. TRADE AND OTHER PAYABLES

	2023	2022
	$	$
Trade payables	**16,774,863**	29,156,370
Accruals	**23,445,274**	13,552,705
Payroll tax liabilities	**4,318,674**	3,501,794
	44,538,811	46,210,869

17. DIRECT COST

	2023	2022
	$	$
Hosting fees	**33,906,378**	33,306,114
Project implementation	**4,902,675**	12,201,260
Content development	**3,051,325**	5,572,564
Cost of inventories sold	**19,151,880**	1,754,472
Other direct costs	**4,434,111**	8,787,574
	65,446,369	61,621,984

18. ADMINISTRATIVE EXPENSES

	2023	2022
	$	$
Salaries and related charges	**116,126,627**	92,523,179
Contracted workers	**38,858,231**	32,888,522
Subscriptions and donations	**575,728**	324,065
Licence fees	**13,099,467**	8,036,030
Legal and professional fees	**3,775,527**	4,352,350
Office expense	**107,779**	485,843
Office rental	**662,115**	659,893
General insurance	**1,582,597**	390,006
Courier services	**174,476**	147,069
Telephone and internet	**3,054,354**	1,215,328
Directors' fee	**3,240,000**	-
Audit fees	**1,650,000**	1,500,000
Amortisation	**232,003**	55,215
Depreciation	**2,069,703**	924,892
Depreciation on right-of-use asset	**1,328,142**	-
Penalties and interest	**696,182**	855,606
Travel and accommodation	**4,387,218**	1,666,291
Repairs and maintenance	**231,217**	117,788
Gain on disposal of fixed assets	**-**	(12,903)
Group life and health insurance	**1,557,428**	832,602
Staff training and welfare	**1,334,553**	1,160,200
Bank charges	**675,755**	949,118
Security expense	**56,251**	22,049
	195,475,353	149,093,143

ONE ON ONE EDUCATIONAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
THE YEAR ENDED AUGUST 31, 2023

19. SELLING EXPENSES

	2023 $	2022 $
Salaries and related charges	**15,579,555**	9,394,573
Meal and entertainment	**1,443,476**	1,243,382
Advertising and promotion	**17,910,771**	11,813,107
	34,933,802	22,451,062

20. OPERATING (LOSS) / PROFIT

	2023 $	2022 $
Operating (loss) / profit	**(18,339,818)**	43,586,207
Stated after charging the following:		
Auditor's remuneration	**1,650,000**	1,500,000
Amortisation on intangible assets	**232,003**	55,215
Depreciation charge on property, plant and equipment	**2,069,702**	924,892
Depreciation on right-of-use asset	**1,328,142**	-

21. FINANCE COSTS

	2023 $	2022 $
Foreign exchange (gain) / loss	**(686,839)**	1,148,756
Commitment fees	**-**	1,211,250
Right of use interest expense	**625,740**	-
Loan interest	**4,837,140**	12,806,817
	4,776,041	15,166,823

22. TAXATION CHARGE

a) Income tax charge is computed based on the profits for the financial year ended August 31, 2023. The Company's enlistment on the Jamaica Stock Exchange Junior Market effective September 1, 2022 entitles the Company to a 100% remission of income tax for the first five (5) years and fifty percent (50%) remission for the following five (5) years, providing that it adheres to the rules and regulations of the Jamaica Stock Exchange Junior Market.

Deferred tax is computed at 25% for the year based on the applicable income tax rate for unregulated companies.

The taxation charge is made up as follows:

	2023	2022
	$	$
Current:		
Provision for charge on current profit	**-**	3,219,439
Overprovision of prior year tax	**(1,242,417)**	-
Deferred:		
Origination and reversal of temporary differences	**6,232,631**	379,726
	4,990,214	3,599,165

b) Reconciliation of effective tax rate and charge:

	2023		2022	
	$	%	$	%
(Loss) / Profit before taxation	**(32,774,165)**		15,862,440	
Computed tax charge	**-**	**0%**	3,965,610	25%
Taxation differences between profit for financial statements and tax reporting purposes on:				
Depreciation and capital allowances	**5,163,063**	**-16%**	(46,184)	0%
Unrealized exchange losses	**458,899**	**-1%**	458,897	3%
Right of use	**(113,990)**	**0%**	227,930	6%
Tax allowance claimed	**-**	**0%**	(1,103,017)	-7%
Items not allowable for tax purposes	**724,659**	**-2%**	95,929	1%
Overprovision of prior year tax	**(1,242,417)**	**4%**	-	0%
Actual tax and rate	**4,990,214**	**-19%**	3,599,165	21%

23. (LOSS) / EARNINGS PER SHARE

The calculation of earnings per share is based on the profit after taxation and the weighted average number of shares in issue during the year.

	2023	2022
	$	$
Net (loss) / profit attributable to stockholders	**(37,764,379)**	12,263,275
Weighted average number of ordinary stock units	**1,900,000,000**	1,044,602,740
Basic (loss) / profit per stock unit (¢ per share)	**(0.02)**	0.01

24. RELATED PARTIES TRANSCTIONS

The Company's statement of comprehensive income includes the following transactions, undertaken with related parties in the ordinary course of business:

	2023	2022
	$	$
Transactions with key management personnel:		
Senior management	**47,199,234**	27,318,220
Directors' remuneration	**23,490,000**	23,000,030

25. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT

(a) Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognized stock exchange) exists, is the best evidence of the fair value of a financial instrument. Market prices are not available for some of the financial assets and liabilities of the Company. Fair values in the financial statements have therefore been presented using various estimation techniques based on market conditions existing at the statement of financial position date.

Generally, considerable judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Company would realise in a current market exchange.

The amounts included in the financial statements for cash and cash equivalents, receivable, payables, and due to / from related companies reflect the approximate fair values because of short-term maturity of these instruments.

(b) Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk
(iv) Cash flow risk

The Board of Directors, together with senior management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

ONE ON ONE EDUCATIONAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
THE YEAR ENDED AUGUST 31, 2023

25. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's principal financial assets are cash and bank deposits, accounts receivable and related party receivables.

The credit risk on cash and bank deposits is limited as they are held with financial institutions with high credit ratings.

Cash and bank balances:

The credit risk on cash and bank deposits is limited as they are held with financial institutions with high credit rating.

Trade receivables:

The Company uses a provision matrix to measure expected credit losses (ECLs) of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates, determined by a probability weighted approach.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions, the economic conditions over the expected lives of the receivables and other macro-economic factors such as foreign currency exchange rates, interest rates and Gross Domestic Products (GDP).

The following table provides information about the exposure to credit risk and ECLs for trade receivable as at August 31, 2023 and 2022:

	2023		
	Weighted average loss rate	Gross carrying amount	Loss allownace
		$	$
Current (not past due)	5%	297,160	296,284
31-60 days past due	31%	22,659,550	1,001,803
61-90 days past due	51%	-	-
More than 91 days past due	100%	61,019,003	21,726,717
		83,975,713	**23,024,804**

25. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(i) Credit risk (cont'd):

Trade receivables (cont'd):

2022

	Weighted average loss rate	Gross amount	Loss allownace
		$	$
Current (not past due)	6%	7,316,337	1,494,189
31-60 days past due	23%	15,689,436	3,277,691
61-90 days past due	23%	6,028,060	1,406,835
More than 91 days past due	100%	54,172,802	7,187,783
		83,206,635	13,366,498

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company.

Management aims at maintaining sufficient cash and the availability of funding through an amount of committed facilities. The management maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

	Carrying value	Contractual cash flows	Within 3-12 months	Over 12 months
	$	**$**	**$**	**$**
August 31, 2023:				
Current portion of long term loan	28,500,000	28,500,000	28,500,000	
Trade and other payables	44,538,811	44,538,811	44,538,811	-
Deferred income	8,198,470	8,198,470	8,198,470	-
	81,237,281	**81,237,281**	**81,237,281**	**-**

	Carrying value	Contractual cash flows	Within 3-12 months	Over 12 months
	$	$	$	$
August 31, 2022:				
Current portion of long term loan	33,758,135	33,758,135	33,758,135	
Trade and other payables	46,210,869	46,210,869	46,210,869	-
Deferred income	8,800,641	8,800,641	8,800,641	-
	88,769,645	88,769,645	88,769,645	-

25. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of markets are to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company materially contracts financial liabilities at interest rates for the duration of the term.When utilized, bank overdrafts are subject to fixed interest rates which may be varied by appropriate notice by the lender. At August 31, 2023, there were no financial liabilities subject to variable interest rate risk.

Interest-bearing financial assets comprises of bank deposits, which have been contracted at fixed interest rates for the duration of their terms.

Fair value sensitivity analysis for fixed rate instruments:

The Company does not hold any fixed rate financial assets that are subject to material changes in fair value through profit or loss. Therefore a change in interest rates at the reporting dates would not affect profit or equity.

Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Company is exposed to foreign currency risk on transactions that it undertakes in foreign currencies. The main foreign currencies giving rise to this risk is the United States dollar.

(iv) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate because of changes in market interest rates. The Company manages this risk through budgetary measures, ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.