

# **FRAGRANT PROSPERITY HOLDINGS LIMITED**

ANNUAL REPORT AND ACCOUNTS

For the financial year ended 31 March 2019

**FRAGRANT PROSPERITY HOLDINGS LIMITED**

**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

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# **FRAGRANT PROSPERITY HOLDINGS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISORS**

Directors	Simon James Retter (appointed 13 May 2019) Robin Andrew Carrington Rice Abd Jalil Bin Bohari Mahesh s/o Pulandaran
Registered Office	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands
Auditors	Crowe U.K. LLP St. Bride's House 10 Salisbury Square London EC4Y 8EH
Bankers	OCBC Bank 65 Chulia Street OCBC Centre Singapore 049513
Legal advisers to the Company as to the British Virgin Islands law	Harney Westwood & Riegels Singapore LLP 20 Collyer Quay #21-02 Singapore 049319
Legal advisers to the Company as to English law	Kerman & Co LLP 200 Strand London WC2R 1DJ

# **FRAGRANT PROSPERITY HOLDINGS LIMITED**

## **CHAIRMAN'S STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

I have pleasure in presenting the financial statements of Fragrant Prosperity Holdings Limited (the "Company" or "FPP") for the financial year ended 31 March 2019.

During the financial year, the Company reported a net loss of £232,105 (2018: £259,763) which represents ongoing administrative expenses as well as any costs incurred in identifying potential transactions. As at 31 March 2019, the Company had cash in bank balance of £5,574 (2018: £227,340).

The Board continued to review a number of potential acquisition opportunities across the sector but none of which has met the necessary criteria for selection.

The Board would provide further updates to shareholders in due course.

**Chairman**

11 November 2019

## **FRAGRANT PROSPERITY HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

#### **Directors' report**

The Directors present their report together with the audited financial statements, for the financial year ended 31 March 2019.

The Company was incorporated on 28 January 2016 in the British Virgin Islands, as a company limited by shares under the BVI Business Companies Act, 2004. The registered office of the Company is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

Its issued share capital, consisting of Ordinary Shares, are currently admitted to a Standard Listing on the Official List in accordance with Chapter 14 of the Listing Rules and to trading on the London Stock Exchange's main market for listed securities.

On the 12 December 2017 the company changed its name from Vale International Group Ltd to Fragrant Prosperity Holdings Ltd.

The Company's nature of operations is to act as a special purpose acquisition company.

#### **Results and dividends**

The results for the year are set out in the Statement of Comprehensive Income on page 10. The Directors do not recommend the payment of a dividend on the ordinary shares.

#### **Company objective and future developments**

The Company was formed to undertake an acquisition of a target company or business. The Company does not have any specific acquisition under consideration and does not expect to engage in substantive negotiations with any target company or business in the immediate future. The Directors believe that their network, and the Company's cash resources and profile following Admission, mean that the Company will target an Acquisition where the target company has a value of up to £100 million. The Company expects that consideration for the Acquisition will primarily be satisfied by issue of new Shares to a vendor (or vendors), but that some cash may also be payable by the Company. Any funds not used in connection with the Acquisition will be used for future acquisitions, internal or external growth and expansion, and working capital in relation to the acquired company or business.

Following completion of the Acquisition, the objective of the Company will be to operate the acquired business and implement an operating strategy with a view to generating value for its Shareholders through operational improvements as well as potentially through additional complementary acquisitions following the Acquisition. Following the Acquisition, the Company intends to seek re-admission of the enlarged group to listing on the Official List and trading on the London Stock Exchange or admission to another stock exchange.

## **FRAGRANT PROSPERITY HOLDINGS LTD**

### **DIRECTORS' REPORT**

#### **FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (continued)**

The Company's efforts in identifying a prospective target company or business will not be limited to a particular industry or geographic region. However, given the experience of the Directors, the Company expects to focus on acquiring a company or business in the technology sector (in particular focussing on technology and/or intellectual property that is used in the financial services industry) with either all or a substantial portion of its operations in Europe or Asia. The Directors' initial search will focus on businesses based in or with operations in Hong Kong, Malaysia, or the United Kingdom.

Subsequent to the year end the company has strengthened its corporate governance procedures including the appointment of a new board member and increased its internal controls. The company is taking on a new direction and will be seeking new capital to embark upon on a new path of identification of a suitable target.

#### **Principal risks and uncertainties**

Currently the principal risks relate to the completion of the Acquisition, and whether, if unsuccessful, the Company could find sufficient suitable investments to ensure compliance with the requirements of its continued listing on the standard market.

As a suitable acquisition has not been identified, there is also a risk that the company may not be a going concern, see note 2 to the financial statements. In addition, an explanation of the Company's financial risk management objectives, policies and strategies is set out in note 9.

#### **Key events**

At the year end the Company had cash of approximately £5,574 and continues to keep administrative costs to a minimum so that the majority of funds can be dedicated to the review of and potentially investment in, suitable projects. The company is likely to receive additional funds in order to continue its activities.

#### **Directors**

The Directors of the Company during the year were:

Robin Andrew Carrington Rice  
Abd Jalil Bin Bohari  
Mahesh s/o Pulandaran

Subsequent to the year end, Simon James Retter was appointed as director of the company on 16 May 2019.

#### **Director's interest**

Mahesh s/o Pulandaran holds 1 share of the Company

#### **Substantial shareholders**

The Company has been notified of the following interests of 3 per cent or more in its issued share capital as at 11 November 2019.

## FRAGRANT PROSPERITY HOLDINGS LTD

### DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (continued)

Party Name	Number of Ordinary Shares	% of Share Capital
Jim Nominees Limited	19,729,286	45.7%
Vidacos Nominee Limited	16,800,000	38.9%
Peel Hunt Holdings Limited	2,527,600	5.8%
Jim Nominees Limited	1,960,440	4.5%
Fragrant Prosperity Plc	1,653,846	3.8%

### Capital and returns management

The Directors believe that, following an acquisition, further equity capital raisings may be required by the Company for working capital purposes as the Company pursues its objectives. The amount of any such additional equity to be raised, which could be substantial, will depend on the nature of the acquisition opportunities which arise and the form of consideration the Company uses to make the acquisition and cannot be determined at this time.

The Company expects that any returns for Shareholders would derive primarily from capital appreciation of the Ordinary Shares and any dividends paid pursuant to the Company's dividend policy.

### Dividend policy

The Company is primarily seeking to achieve capital growth for its Shareholders.

It is the Board's intention during the current phase of the Company's development to retain future distributable profits from the business, to the extent any are generated. As a holding company, the Company will be dependent on dividends paid to it by its subsidiaries.

The Board does not anticipate declaring any dividends in the foreseeable future but may recommend dividends at some future date after the completion of the Acquisition and depending upon the generation of sustainable profits and the Company's financial position.

The Board can give no assurance that it will pay any dividends in the future, nor, if a dividend is paid, what the amount of such dividend will be.

The Company will only pay dividends to the extent that to do so is in accordance with all applicable laws.

### Corporate governance

As a company with a Standard Listing, the Company is not required to comply with the provisions of the UK Corporate Governance Code. Although the Company does not comply with the UK Corporate Governance Code, the Company intends to adopt corporate governance procedures as are appropriate for the size and nature of the Company and the size and composition of the Board. These corporate governance procedures have been selected with due regard to the provision of the UK Corporate Governance Code insofar as is appropriate. A description of these procedure is set out below:

- until an Acquisition is made, the Company will not have nominations, remuneration, audit or risk committees. The Board as a whole will instead review its size, structure and composition, the scale and structure of the Directors' fees (taking into account the interests of Shareholders

## **FRAGRANT PROSPERITY HOLDINGS LTD**

### **DIRECTORS' REPORT**

#### **FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (continued)**

and the performance of the Company), take responsibility for the appointment of auditors and payment of their audit fee, monitor and review the integrity of the Company's financial statements and take responsibility for any formal announcements on the Company's financial performance. Following the Acquisition, the Board intends to put in place nomination, remuneration, audit and risk committees;

- the Board has adopted a share dealing code that complies with the requirements of the Market Abuse Regulations. All persons discharging management responsibilities shall comply with the share dealing code since the date of Admission; and
- Following the Acquisition and subject to eligibility, the Directors may, in future, seek to transfer the Company from a Standard Listing to either a Premium Listing or other appropriate listing venue, based on the track record of the company or business it acquires, subject to fulfilling the relevant eligibility criteria at the time. However, in addition to or in lieu of a Premium Listing, the Company may determine to seek a listing on another stock exchange. Following such a Premium Listing, the Company would comply with the continuing obligations contained within the Listing Rules and the Disclosure and Transparency Rules in the same manner as any other company with a Premium Listing.

The Company has not chosen to apply a particular corporate governance code, as the directors consider that the most widely recognised codes are not appropriate for companies with limited board resources.

The Directors are responsible for internal control in the Company and for reviewing its effectiveness. Due to the size of the Company, all key decisions are made by the Board in full. The Directors have reviewed the effectiveness of the Company's systems during the period under review and consider that there have been no material losses, contingencies or uncertainties due to the weakness in the controls. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors.

#### **Responsibility Statement**

The directors are responsible for preparing the annual report and the non-statutory financial statements. The directors are required to prepare financial statements for the Company in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of transactions, other events and conditions in accordance with the definitions and recognition criteria for the assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair representation will be achieved by compliance with all IFRS as adopted by the European Union. Directors are also required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company. They are also responsible for safeguarding



## **FRAGRANT PROSPERITY HOLDINGS LTD**

### **DIRECTORS' REPORT**

#### **FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (continued)**

the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the FrAGRANT Prosperity Holdings Ltd website (<http://fragrantprosperity.com>) is the responsibility of the Directors; work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the British Virgin Islands governing the preparation and dissemination of the financial statements and the other information included in annual reports may differ from legislation in other jurisdictions.

The Directors are responsible for preparing the Financial Statements in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority ('DTR') and with International Financial Reporting Standards as adopted by the European Union.

The directors confirm, to the best of their knowledge that:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Chairman's Statement and Directors' Report include a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

#### **Auditors and disclosure of information**

The directors confirm that:

- there is no relevant audit information of which the Company's non-statutory auditor is unaware; and
- each Director has taken all the necessary steps he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's non-statutory auditor is aware of that information.

#### **Events after the reporting date**

Subsequent to the year end the company has raised additional capital to ensure it has sufficient working capital to proceed with the necessary steps to realign itself with its strategy to identify a target business to acquire.

Events after the reporting date have been disclosed in note 13 to the financial statements.

This responsibility statement was approved by the Board of Directors on 11 November 2019 and is signed on its behalf by;

Robin Andrew Carrington Rice

**Director**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRAGRANT PROSPERITY HOLDINGS LTD**

### **Disclaimer of opinion**

We were engaged to audit the non-statutory financial statements of Fragrant Prosperity Holdings Limited (the Company) for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying non-statutory financial statements of the Company. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these non-statutory financial statements.

### **Basis for disclaimer of opinion**

We were not provided with a complete set of accounting records for the Company. In particular, we were not provided with supporting evidence in relation to 13 payments amounting to £113,775 in aggregate, which represents approximately 50% of the expenditure of the Company in the year ended 31 March 2019. We were unable to satisfy ourselves by alternative means with regard to expenditure of £113,775 included in administrative and other operating expenses of £232,105 reported in the Statement of Comprehensive Income.

As a result of these matters, we were unable to determine whether any adjustments are necessary in respect of recorded or unrecorded revenue, expenses, assets or liabilities associated and the elements making up the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows.

### **Responsibilities of the directors for the non-statutory financial statements**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the non-statutory financial statements**

Our responsibility is to conduct an audit of the Company's non-statutory financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these non-statutory financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRAGRANT  
PROSPERITY HOLDINGS LTD**

**Use of our report**

This report is made solely to the Company's members. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Crowe U.K. LLP**

Chartered Accountant

London, United Kingdom

11 November 2019

**FRAGRANT PROSPERITY HOLDINGS LTD**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

		<b>Year ended 31 March 2019</b>	<b>Year ended 31 March 2018</b>
	Notes	£	£
Other operating expenses		(232,105)	(259,763)
<b>OPERATING LOSS BEFORE TAXATION</b>		<b>(232,105)</b>	<b>(259,763)</b>
Income tax expense	3	-	-
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>(232,105)</b>	<b>(259,763)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(232,105)</b>	<b>(259,763)</b>
Basic and diluted loss per share	5	<b>(0.005)</b>	<b>(0.006)</b>

The notes to the financial statements form an integral part of these financial statement

**FRAGRANT PROSPERITY HOLDINGS LTD**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2019**

		<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		5,574	227,340
Prepayments		17,500	21,839
Other debtors		-	5,000
<b>TOTAL ASSETS</b>		<b>23,074</b>	<b>254,179</b>
<b>CURRENT LIABILITIES</b>			
Accruals		(40,750)	(39,750)
<b>TOTAL LIABILITIES</b>		<b>(40,750)</b>	<b>(39,750)</b>
<b>NET ASSETS</b>		<b>(17,676)</b>	<b>214,429</b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
Share capital	6	930,124	930,124
Retained earnings		(947,800)	(715,695)
<b>TOTAL EQUITY</b>		<b>(17,676)</b>	<b>214,429</b>

The notes to the financial statements form an integral part of these financial statements

This report was approved by the board and authorised for issue on and signed on its behalf by;

.....  
Robin Andrew Carrington Rice

**Director**

11 November 2019

**FRAGRANT PROSPERITY HOLDINGS LTD**

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

	<b>Year ended 31 March 2019</b>	<b>Year ended 31 March 2018</b>
	<b>£</b>	<b>£</b>
<b>Cash flow from operating activities</b>		
Loss before tax	(232,105)	(259,763)
<b>Changes in working capital</b>		
Movement in other payables	1,000	14,750
Movement in prepayments and other debtor	9,339	(26,839)
<b>Net cash outflow from operating activities</b>	(221,766)	(271,852)
 <b>Net decrease in cash and cash equivalents</b>	 <b>(221,766)</b>	 <b>(271,852)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>227,340</b>	<b>499,192</b>
<b>Cash and cash equivalents at end of period</b>	<b>5,574</b>	<b>227,340</b>

**FRAGRANT PROSPERITY HOLDINGS LTD****STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>As at 1 April 2017</b>	930,124	(455,932)	474,192
Loss for the year	-	(259,763)	(259,763)
<b>Total comprehensive loss for the year</b>	-	(259,763)	(259,763)
<b>As at 31 March 2018</b>	<b>930,124</b>	<b>(715,695)</b>	<b>214,429</b>
Loss for the year	-	<b>(232,105)</b>	<b>(232,105)</b>
<b>Total comprehensive loss for the year</b>	-	<b>(232,105)</b>	<b>(232,105)</b>
<b>As at 31 March 2019</b>	<b>930,124</b>	(947,800)	(17,676)

# **FRAGRANT PROSPERITY HOLDINGS LTD**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

### **1. GENERAL INFORMATION**

The Company was incorporated in the British Virgin Islands on 28 January 2016 as an exempted company with limited liability.

The Company's Ordinary shares are currently admitted to a standard listing on the Official List and to trading on the London Stock Exchange.

On the 12 December 2017 the company changed its name from Vale International Group Ltd to FrAGRANT Prosperity Holdings Ltd.

The Company's nature of operations is to act as a special purpose acquisition company.

### **2. ACCOUNTING POLICIES**

The Board has reviewed the accounting policies set out below and considers them to be the most appropriate to the Company's business activities.

#### **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRIC interpretations applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified for financial assets carried at fair value.

The financial information of the Company is presented in British Pound Sterling ("£").

#### **Standards and interpretations issued but not yet applied**

At the date of authorisation of this financial information, the Directors have reviewed the Standards in issue by the International Accounting Standards Board ("IASB") and IFRIC, which are effective for accounting periods beginning on or after the stated effective date. In their view, none of these standards would have a material impact on the financial reporting of the Company.



## **FRAGRANT PROSPERITY HOLDINGS LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (continued)**

#### **Going concern**

Until such time as the Company makes a significant investment it will meet its day to day working capital requirements from its existing cash reserves and by raising new equity finance.

In the year ended 31 March 2019 the Company recorded a loss after tax of £232,105 (2018: £259,763) and a net cash outflow from operating activities of £221,766 (2018: £271,852).

The directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements which assume that no significant investment activity is undertaken unless sufficient funding is in place.

The Company had cash of £5,574 at 31 March 2019. Although the level of cash outgoings prior to making an investment is expected to be modest, the cash flow forecasts indicate that the Company needs to raise additional funds in the coming months.

Although the directors believe that the Company will be successful in raising the funds required there can be no guarantee of success of that fundraising.

Based on their assessment, the Directors have a reasonable expectation that the Company has adequate resources, supplemented by the additional funds to be raised, to continue as a going concern for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

The requirement to raise additional funds constitutes a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

If the Company was unable to secure sufficient funding to enable it to continue on a going concern basis then adjustments would be necessary to write down assets to their recoverable amounts and provide for additional liabilities.

#### **Cash and cash equivalents**

The Company considers any cash on short-term deposits and other short term investments to be cash equivalents.

## **FRAGRANT PROSPERITY HOLDINGS LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (continued)**

#### **Taxation**

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax is provided for using the liability method on temporary timing differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised in full for all temporary differences. Deferred income tax assets are recognised for all deductible temporary differences carried forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused losses can be utilised.

The carrying amount of deferred income tax assets is assessed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future taxable profits will allow the deferred income tax asset to be recovered.

#### **Financial instruments**

Financial assets and financial liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provisions of the instrument.

#### **Financial assets**

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. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at every reporting date.

As at the reporting date, the Group did not have any financial assets subsequently measured at fair value.

#### **Operating segments**

The directors are of the opinion that the business of the Company comprises a single activity, that of an investment company. Consequently, all activities relate to this segment.

## **FRAGRANT PROSPERITY HOLDINGS LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (continued)**

#### **Critical accounting estimates and judgements**

The preparation of financial statements in compliance with IFRS as adopted for use by the European Union requires the use of certain critical accounting estimates or judgements. The directors do not consider there to be any key estimation uncertainty. In respect of critical judgements, the only key judgement is the adoption of going concern on the basis for preparing the financial statements, details of which are set out in note 2.

#### **3. INCOME TAX EXPENSE**

The Company is regarded as resident for the tax purposes in British Virgin Islands.

No tax is applicable to the Company for the year ended 31 March 2018 and 2019. Consequently no deferred tax is recognised as all timing differences are permanent.

#### **4. LOSS BEFORE TAXATION**

The loss before income tax is stated after charging:

	<b>Year ended 31 March 2019</b>	<b>Year ended 31 March 2018</b>
	<b>£</b>	<b>£</b>
Staff costs (note 7)	12,000	49,981
Auditors' remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	12,500	12,500

## FRAGRANT PROSPERITY HOLDINGS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (continued)

#### 5. LOSS PER SHARE

Basic loss per ordinary share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There are currently no dilutive potential ordinary shares.

Loss per share attributed to ordinary shareholders

	Year ended 31 March 2019	Year ended 31 March 2018
Loss for the period (£)	(232,105)	(259,763)
Weighted average number of shares (Unit)	43,214,287	43,214,287
Loss per share (£)	(0.005)	(0.006)

#### 6. SHARE CAPITAL

	Number of shares	£
Balance at 31 March 2018 and 2019	43,214,287	930,124

#### 7. STAFF COSTS

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Staff costs	-	10,000
Director fees	12,000	39,981
	<u>12,000</u>	<u>49,981</u>

The average numbers of person employed by the Company (including directors) during the reporting period was 3 (2018: 3).

## **FRAGRANT PROSPERITY HOLDINGS LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (continued)**

#### **8. CAPITAL MANAGEMENT POLICY**

The Company's objectives when managing capital are 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. The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued share capital and reserves.

#### **9. FINANCIAL RISK MANAGEMENT**

The Company uses a limited number of financial instruments, comprising cash and other payables, which arise directly from operations. The Company does not trade in financial instruments.

##### **Financial risk factors**

The Company's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

##### **a) Currency risk**

The Company does not operate internationally and its exposure to foreign exchange risk is limited to the transactions and balances that are denominated in currencies other than Pounds Sterling.

##### **b) Credit risk**

The Company does not have any major concentrations of credit risk related to any individual customer or counterparty. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. The Group has taken necessary steps and precautions in minimising the credit risk by lodging cash and cash equivalents only with reputable licensed banks.

##### **c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the Company ensures it has adequate resource to discharge all its liabilities. The directors have considered the liquidity risk as part of their going concern assessment. (See note 2). At the date of approval of the financial statements there was a material uncertainty in relation to liquidity risk.

##### **d) Cash flow interest rate risk**

The Company has no significant interest-bearing liabilities and assets. The Company monitors the interest rate on its interest bearing assets closely to ensure favourable rates are secured.

##### **Fair values**

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

## FRAGRANT PROSPERITY HOLDINGS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (continued)

#### 10. FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise cash and cash equivalents and other payable. The Company's accounting policies and method adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial assets, financial liability and equity instrument are set out in Note 2. The Company do not use financial instruments for speculative purposes.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

	As at 31 March 2019 £	As at 31 March 2018 £
<b>Financial assets</b>		
<i>Loans and receivables</i>		
Other receivables	-	5,000
Cash and cash equivalents	5,574	227,340
	<hr/>	<hr/>
Total financial assets	5,574	232,340
	<hr/> <hr/>	<hr/> <hr/>
<b>Financial liabilities measured at amortised cost</b>		
Other payables	40,750	39,750
	<hr/>	<hr/>
Total financial liabilities	40,750	39,750
	<hr/> <hr/>	<hr/> <hr/>

There are no financial assets that are either past due or impaired.

#### 11. RELATED PARTY TRANSACTIONS

Key management are considered to be the directors and the key management personnel compensation as follow:

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Simon James Retter	-	24,481
Maurice James Malcolm Groat	-	8,000
Robin Andrew Carrington Rice	12,000	5,000
Mahesh Pulandaran	-	2,500
	<hr/>	<hr/>
	12,000	39,981
	<hr/> <hr/>	<hr/> <hr/>

No pension contributions were made on behalf of the Directors by the Company. No share options were granted to or exercised by a Director in the reporting period.

During the reporting period, the Company did not enter into any material transactions with related parties. As at reporting date, the there was no amount due to the directors.

## **FRAGRANT PROSPERITY HOLDINGS LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (continued)**

#### **12. CONTROL**

The Directors consider there is no ultimate controlling party.

#### **13. SUBSEQUENT EVENTS**

on the 16<sup>th</sup> July 2019 the Company issued 8,638,535 new ordinary shares in the company at a price of 0.75 pence per share.