

# **FRAGRANT PROSPERITY HOLDINGS LIMITED**

ANNUAL REPORT AND ACCOUNTS

For the financial year ended 31 March 2023

**FRAGRANT PROSPERITY HOLDINGS LIMITED**

**ANNUAL REPORT AND ACCOUNTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

CONTENTS	PAGE
Officer and professional advisors	1
Chairman's statement	2
Directors' report	3
Independent auditor's report to members	10
Statement of comprehensive income	15
Statement of financial position	16
Statement of cash flows	17
Statement of changes in equity	18
Notes to the financial statements	19

# FRAGRANT PROSPERITY HOLDINGS LIMITED

## OFFICERS AND PROFESSIONAL ADVISORS

Directors	Simon James Retter Richard Samuel Maresh s/o Pulandaran Daniel Reshef
Registered Office	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands
Auditors	Shipleys LLP 10 Orange Street London WC2H 7DQ
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	Hill Dickinson LLP The Broadgate Tower 20 Primrose St London EC2A 2EW

# **FRAGRANT PROSPERITY HOLDINGS LIMITED**

## **CHAIRMAN'S STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

I have pleasure in presenting the financial statements of Fragrant Prosperity Holdings Limited (the "Company" or "FPP") for the financial year ended 31 March 2023.

During the year the Company entered into nonbinding heads of terms with Hi 55 Ventures Ltd ("Hi") a UK based fintech business in relation to the p-otential refinancing of FPP and acquisition of Hi by FPP. The consideration was expected to be approximately £47m to be satisfied in newly issued shares in the Company. Unfortunately, due to adverse market conditions, the intended acquisition was not completed and negotiations ceased after the year end.

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

During the financial year, the Company reported a net loss of £126,237 (2022: £697,706) which represents ongoing administrative expenses and due diligence costs regarding the intended acquisition of Hi as well as identifying other potential targets. As at 31 March 2023, the Company had cash in bank balance of £195,395 (2022: £281,448).

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

**Chairman**

26 March 2024

## **FRAGRANT PROSPERITY HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

#### **Directors' report**

The Directors present their report together with the audited financial statements, for the financial year ended 31 March 2023.

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 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 15. 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 2023 (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) or the medicinal cannabis and CBD Wellness sector 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.

### 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.

An explanation of the Company's financial risk management objectives, policies and strategies is set out in note 8.

### Key events

At the year end the Company had cash of approximately £281,448 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:

Mahesh s/o Pulandaran  
Simon James Retter  
Craig Marshak (resigned 10 November 2021)  
Richard Samuel  
Daniel Reshef

### Director's interest

Mahesh s/o Pulandaran holds 1 share of the Company Stonedale Management and Investments Ltd (a company which is under control of Simon James Retter), holds an option to subscribe for 2,500,000 shares for nil consideration.  
Craig Marshak holds options to subscribe for 2,500,000 shares for nil consideration.

### Substantial shareholders

The Company has been notified of the following interests of 3 per cent or more in its issued share capital as at 20 March 2024.

Shareholder	Number of Ordinary Shares	% of Share Capital
Hargreaves Lansdown Nominees Ltd	13,917,721	23.1%
Interactive Investor Services	10,002,290	16.6%

## FRAGRANT PROSPERITY HOLDINGS LTD

### DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (continued)

Vidacos Nominees Ltd	5,960,249	9.9%
Peel Hunt Partnership	5,177,182	8.6%
Barclays Direct Investing	3,955,124	6.6%
JIM Nominees Ltd	3,333,333	5.5%
Winterflood Securities Ltd	2,996,755	5.0%
James Brearly	2,725,297	4.5%
Bank of New York Nominees	1,925,000	3.2%
Joh Berenberg Gossler & Co	1,879,306	3.1%

#### 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.

#### Section 172 Statement

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarized as follows:

“A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its stakeholders as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;

## **FRAGRANT PROSPERITY HOLDINGS LTD**

### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (continued)**

- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between stakeholders of the Company”

As part of their induction, all Directors are briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. The Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees of the Company and details of this can be found in our Governance section of the Directors Report.

The following paragraphs summarise how the Directors fulfil their duties:

#### **Risk Management**

The Company is currently undertaking due diligence and working towards executing an acquisition of a target. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties and how we manage our risk environment, please see page 4.

#### **Our People**

Our Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way. The only employees are currently the Directors of the company, who strive to adhere to the highest ethical standards.

#### **Shareholders**

The Board is committed to openly engaging with our shareholders, as we recognize the importance of continuing effective dialogue. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered. Our board members, especially Simon Retter, holds a series of shareholders meetings several times a year on the back of financial and operational reporting.

#### **Community and Environment**

The Company's approach is to use our strengths to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us.

#### **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

## **FRAGRANT PROSPERITY HOLDINGS LTD**

### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (continued)**

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 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.

#### **Emissions, Environmental & Social matters**

The Company currently is not responsible for any emissions other than indirectly through travel for undertaking due diligence on target businesses. It is therefore not practical to quantify the total emissions of the Company. Likewise, as the nature of the Company is an acquisition company, it is the opinion of the Directors that it has no direct social, community and human rights issues are environmental matters on which it should disclose information. Presently all of the Directors of the Company are male, the Directors are actively seeking to balance the board with some female representation although this would likely occur upon a change in the board composition upon the completion of an acquisition.

#### **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 United Kingdom.

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

## **FRAGRANT PROSPERITY HOLDINGS LTD**

### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (continued)**

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 United Kingdom. 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 United Kingdom 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 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://www.fragrantprosperityholdings.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 United Kingdom.

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.

#### **Going Concern**

## **FRAGRANT PROSPERITY HOLDINGS LTD**

### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (continued)**

During the year the Company worked on acquiring the entire share capital of a business that led to significant expenditure on legal, due diligence and other associated costs. The acquisition was due to be completed alongside a capital raise to provide working capital for the enlarged group, due to adverse market conditions the capital raise was unsuccessful and the result was the deletion of the Companies existing cash reserves. As well as the unsuccessful reverse takeover significant additional expenditure was incurred as a result of a dispute that arose during the period with a convertible loan note holder, which was subsequently settled placing further strain on the cash resources of the Company. Due to the limited cash balance as at the period end the Company is in the process of seeking additional funding in order to pursue its strategy of making an acquisition 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.

Should the raising of new capital be unsuccessful then the Company faces significant uncertainty over its ability to continue as a going concern. The Company has reduced its cash expenditure to a minimum whilst it works on the recapitalisation of the business.

#### **Climate risk management**

The Board oversees and has ultimate responsibility for the Company's sustainability initiatives, disclosures, and reporting. This includes, but is not limited to, climate risks and opportunities. As a shell company, the Company is exempt from providing the disclosures required by the Taskforce on Climate-related Financial Disclosures ("TCFD"). However, this section provides an overview of the Company's approach to managing the very limited climate risks it currently faces.

The executive management team have day-to-day responsibility for assessing and managing climate-related risks and opportunities. We are committed to minimising the Company's impact on the environment. As it is presently constituted, the Company's environmental impact is minimal and climate-related risks and opportunities are extremely limited until it acquires another business. At present, the Company has no operating investments, and its only employees are the directors. These employees perform largely information-based roles, and they all work from home as the Company no longer maintains business premises.

The only environmental impact currently is from business travel, which has been extremely limited in the past two years and is expected to continue to be lower than previously as a result of the post-pandemic shift towards virtual tools. The Company's overall environmental impact is therefore minimal. The Company's approach is therefore to seek to maintain lean working arrangements, use technology to minimise business travel and encourage employees to recycle, minimise energy wastage, and do their part to ensure that the Company acts responsibly. If the Company continues to operate as it is presently constituted it is therefore difficult to identify any climate related risks in the short, medium or long term that could significantly impact the business. For this reason, the Company does not presently feel it is appropriate or necessary to apply metrics or targets to assess climate related risks beyond the Greenhouse gas reporting presented below.

Clearly, the Company does not intend to continue operating in its present form indefinitely, we intend to make acquisitions that will profoundly change the scale and climate-related risk profile of the business and the process for identifying and managing them. It is not possible to reach any sensible conclusions today about which risks the Company may be exposed to in the future without knowing what businesses it will acquire.

## **FRAGRANT PROSPERITY HOLDINGS LTD**

### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (continued)**

While it is not possible to know today what climate related risks it will inherent, the Company is conscious that such risks and opportunities will exist in any potential acquisition and considers that the most important objective is to ensure these are properly understood in the due diligence phase of any transaction so appropriate decisions can be taken on risk mitigation tools. The Company's Board have concluded that the most appropriate way to address this is to ensure that climate-related risks are specifically scoped in when undertaking due diligence on acquisition targets.

#### **Greenhouse gas emissions**

Considering the non-material environmental impacts of the Company's business as described in this report, management takes the view that greenhouse gas emissions are the most important metric to track and against which future targets may be set. We have compiled our greenhouse gas ("GHG") emissions in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 ("SECR").

Calculations follow the GHG Protocol Corporate Accounting and Reporting Standard (revised edition). The GHG reporting period aligns with the financial statements and boundaries are defined using the financial control approach. GHG emissions are broken down into three categories; reporting is required only on scope 1 and 2: Scope 1 emissions: Direct emissions from sources owned or controlled by the Company. Scope 2 emissions: Indirect emissions attributable to the Company due to its consumption of purchased electricity. Scope 3 emissions: Other indirect emissions associated with activities that support or supply the Company's operations.

The Company has no Scope 1 emissions. The Company's Scope 2 and Scope 3 emissions for the year to 31 December 2023 or the prior period. No further energy and carbon information is disclosed as the Company is exempt on the grounds of being a low energy user within the meaning of SECR. At the present time, the Company does not consider it appropriate to set emissions reduction targets, particularly given the low levels of emissions already achieved.

The Company does not currently hold any investments. When investments are held, the Company will keep under review whether it would be appropriate to support investee companies in tracking metrics and setting targets.

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

Subsequent to the year end the Company ceased its exclusivity period with Hi 55 Ventures and the intended refinancing and acquisition did not proceed.

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 26 March 2024 and is signed on its behalf by;

Simon Retter

**Director**

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

### **Opinion**

We have audited the financial statements of Fragrant Prosperity Holdings Limited (the ‘Company’) for the year ended 31 March 2023 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company’s affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with International Financial Reporting Standards (“IFRSs”) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the United Kingdom (“UK”);

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Independence**

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 as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC’s Ethical Standard were not provided and that we have not provided any non-audit services to the Company in the period under audit.

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

**Material uncertainty relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors’ assessment of the entity’s ability to continue to adopt the going concern basis of accounting included carrying out a risk assessment which covered the nature of the Company, its business model and related risks including where relevant the impact of Coronavirus, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors’ assessment of the group’s ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors’ plans for future actions in relation to their going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company’s or group’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance on our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. 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.

<b>Risk</b>	<b>Our response to the risk</b>	<b>Our response and observation</b>
Revenue recognition There is a risk that revenue is materially understated due to fraud.	We reviewed the Company’s revenue recognition policies and how they are applied.	No revenue was recognised in the year and this was in accordance with the Company’s accounting policy and we concluded that no evidence of fraud or other understatement was identified.
Management override of controls Journals can be posted that significantly alter the financial statements of the entity.	We examined journals posted around the year end, specifically focusing on areas which are more easily manipulated.	We identified no evidence of management override in respect of inappropriate manual journals recorded in any section of the financial statements.

In addition to the above identified key audit matters, Going Concern has been identified as a key risk area within the financial statements and the matter has been addressed within the “Material uncertainty related to going concern” section of the audit report above.

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

### **Our application of materiality**

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be charged or influenced. We use materiality both in planning and in the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement we determine materiality for the Company to be £6,312 and this financial benchmark, which has been used throughout the audit, is based on approximately 4% of the Company's net assets at the year end. Where considered relevant the materiality is adjusted to suit the specific risk profile of the Company.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Performance materiality was set at £4,734 (75%) of the above materiality level. We agreed with the board that we would report to the committee all individual audit differences identified during the course of our audit in excess of £316 (5% materiality). Errors below the threshold would also be reported, if in our opinion the error warranted reporting on qualitative grounds.

### **An overview of the scope of our audit**

Our audit was scoped by obtaining an understanding of the Company and its environment, including the system of internal control, and assessing the risks of material misstatement in the financial statements. The audit work is conducted centrally by one audit team, led by the Senior Statutory Auditor.

### **Other Information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially m

is stated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- Fair, balanced and understandable – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

We have nothing to report in respect of these matters.

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

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of Company and its environment obtained in the course of the audit, we have not identified material misstatements in the chairman's statement or the directors' report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 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 (UK) 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 located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Coup and determined the most significant are those that relate to the reporting framework (IFRS) and the relevant tax compliance regulations in the jurisdictions in which the Company operates.
- We understood how the Company is complying with those frameworks by making enquiries of management, the Company Secretary, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, papers provided to the board, discussion with the board and any correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by enquiring with management and the board during the planning and execution phase of our audit. We considered the programs and controls that the

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

Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk including revenue recognition as discussed above. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of the Company Secretary and management; and focused testing, as referred to in the key audit matters section above.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances on non-compliance with laws and regulations that are not closely related to events and transactions reflected in the non-statutory financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

### **Other matters which we are required to address**

We were appointed by the board on 25 June 2021 to audit the financial statements for the period ending 31 March 2021. Our total uninterrupted period of engagement is 3 years, covering the period ending 31 March 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the board.

**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, as a body, in accordance with our engagement letter dated 4 February 2024. 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.

BENJAMIN BIDNELL (Senior Statutory Auditor)

For and on behalf of SHIPLEYS LLP,

Chartered Accountants and Statutory Auditor

10 Orange Street, Haymarket, London, WC2H 7DQ

26 March 2024

**FRAGRANT PROSPERITY HOLDINGS LTD****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

		<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2022</b>
	Notes	£	£
Other operating expenses		(98,689)	(673,033)
Interest charge		(27,548)	(24,673)
<b>OPERATING LOSS BEFORE TAXATION</b>		<b>(126,237)</b>	<b>(697,706)</b>
Income tax expense	3	-	-
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>(126,237)</b>	<b>(697,706)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(126,237)</b>	<b>(697,706)</b>
Basic and diluted loss per share (pence)	5	<b>(0.20)</b>	<b>(1.12)</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 2023**

	Notes	As at 31 March 2023 £	As at 31 March 2022 £
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		195,395	281,448
Prepayments		15,750	-
<b>TOTAL ASSETS</b>		<b>211,145</b>	<b>281,448</b>
<b>CURRENT LIABILITIES</b>			
Trade Creditors		(187,578)	(189,192)
Accruals		(54,079)	(24,079)
Convertible loan note		(506,351)	(478,803)
<b>TOTAL LIABILITIES</b>		<b>(748,008)</b>	<b>(692,074)</b>
<b>NET ASSETS</b>		<b>(536,863)</b>	<b>(410,626)</b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
Share capital	6	1,492,146	1,492,146
Retained earnings		(2,080,552)	(1,954,315)
Convertible loan note Reserve		51,543	51,543
<b>TOTAL EQUITY</b>		<b>(536,863)</b>	<b>(410,626)</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;

.....  
Simon Retter

**Director**

[xx] February 2024

**FRAGRANT PROSPERITY HOLDINGS LTD**

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
	<b>£</b>	<b>£</b>
Loss before tax	(126,237)	(697,706)
Interest charge	27,548	(22,855)
Share based payment	-	24,677
<b>Cash flow from operating activities</b>	<b>(98,689)</b>	<b>(695,884)</b>
<b>Changes in working capital</b>		
Movement in other payables	28,386	162,852
Movement in prepayments and other debtor	(15,750)	47,276
<b>Net cash outflow from operating activities</b>	<b>(86,053)</b>	<b>(485,756)</b>
Issue of equity	-	-
Issue costs	-	-
Repayment of convertible loan note	-	(310,000)
Issue of convertible loan note	-	515,000
<b>Net cash flow from investing activities</b>	<b>-</b>	<b>205,000</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(86,053)</b>	<b>(280,756)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>281,448</b>	<b>562,204</b>
<b>Cash and cash equivalents at end of period</b>	<b>195,395</b>	<b>281,448</b>

**FRAGRANT PROSPERITY HOLDINGS LTD**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	Share capital	Convertible Loan Note Reserve	Retained earnings	Total
	£	£	£	£
<b>As at 31 March 2021</b>	<b>1,492,146</b>	<b>50,397</b>	<b>(1,281,286)</b>	<b>261,257</b>
Issue of equity	-	-	-	-
Issues of equity costs	-	-	-	-
Derecognition of Convertible Loan	-	(50,397)	-	(50,397)
Recognition of Convertible Loan	-	51,543	-	51,543
Loss for the year	-	-	(697,706)	(697,706)
Share based payment charge	-	-	24,677	24,677
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(673,029)</b>	<b>(673,029)</b>
<b>As at 31 March 2022</b>	<b>1,492,146</b>	<b>51,543</b>	<b>(1,954,315)</b>	<b>(410,626)</b>
Issue of equity	-	-	-	-
Issues of equity costs	-	-	-	-
Derecognition of Convertible Loan	-	-	-	-
Recognition of Convertible Loan	-	-	-	-
Loss for the year	-	-	(126,237)	(126,237)
Share based payment charge	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(126,237)</b>	<b>(126,237)</b>
<b>As at 31 March 2022</b>	<b>1,492,146</b>	<b>51,543</b>	<b>(2,080,552)</b>	<b>(536,863)</b>

## **FRAGRANT PROSPERITY HOLDINGS LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

#### **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 United Kingdom 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 2023 (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 2023 the Company recorded a loss after tax of £126,237 (2022: £697,706) and a net cash outflow from operating activities of £86,053 (2022: £485,756).

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 £195,395 at 31 March 2023 which the directors believe is insufficient to undertake the required steps to make an investment and fulfil its investment mandate and the Company is therefore seeking to raise additional capital to proceed with its strategy.

During the year the Company incurred predominantly ongoing administrative costs, the majority of the work undertaken on acquiring the entire share capital of a business that led to some minor expenditure on legal, due diligence and other associated costs occurred after the year end. The acquisition was due to be completed alongside a capital raise to provide working capital for the enlarged group, due to the intended acquisition not proceeding the result was the deletion of the Companies existing cash reserves further following the year end. Due to the limited cash balance as at the period end the Company is in the process of seeking additional funding in order to pursue its strategy of making an acquisition 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.

The Should the raising of new capital be unsuccessful then the Company faces significant uncertainty over its ability to continue as a going concern. The Company has reduced its cash expenditure to a minimum whilst it works on the recapitalisation of the business.

#### **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 2023 (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 2023 (continued)**

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

The preparation of financial statements in compliance with IFRS as adopted for use by the United Kingdom 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.

#### **Share based payments**

The Company operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of employee services received in exchange for the grant of share options are recognised as an expense. The total expense to be apportioned over the vesting period is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period the Company revises its estimate of the number of options that are expected to vest.

It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The fair value of goods or services received in exchange for shares is recognised as an expense.

### **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 2023 and 2022. Consequently no deferred tax is recognised as all timing differences are permanent.

## FRAGRANT PROSPERITY HOLDINGS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (continued)

#### 4. LOSS BEFORE TAXATION

The loss before income tax is stated after charging:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Staff costs (note 7)	25,000	77,500
Auditors' remuneration: Fees payable to the Company's auditor for the audit of the Company's annual accounts	14,000	7,500

#### 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 2023	Year ended 31 March 2022
Loss for the period (£)	(126,237)	(697,706)
Weighted average number of shares (Unit)	62,223,386	62,223,386
Loss per share (pence)	(0.20)	(1.12)

#### 5. SHARE CAPITAL

	Number of shares	£
<b>Balance at 31 March 2021, 2022 and 2023</b>	<b>62,223,386</b>	<b>1,492,146</b>

On 3 March 2021 the Company issued 10,360,564 new ordinary shares in the company at a price of 5.25 pence per share.

## FRAGRANT PROSPERITY HOLDINGS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (continued)

On the 6 December 2021 the company issued 17,500,000 options with an exercise price of 2 pence per share as part of a settlement of an ongoing dispute. The options were valued using a Black Scholes model and resulted in a share based payment charge of £24,677.

#### 6. STAFF COSTS

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Staff costs	-	-
Director fees	23,500	72,500
	<u>23,500</u>	<u>72,500</u>

The average numbers of person employed by the Company (including directors) during the reporting period was 4 (2020: 4).

#### 7. 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.

#### 8. 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.

## FRAGRANT PROSPERITY HOLDINGS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (continued)

#### 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.

## 9. 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 2023 £	As at 31 March 2022 £
<b>Financial assets</b>		
<i>Loans and receivables</i>		
Cash and cash equivalents	195,395	281,448
Total financial assets	<u>195,395</u>	<u>281,448</u>
<b>Financial liabilities measured at amortised cost</b>		
Other payables	187,578	189,192
Convertible loan note	506,351	478,803
Total financial liabilities	<u>693,929</u>	<u>667,995</u>

On 29<sup>th</sup> July 2021 the Company repaid the existing convertible loan notes with a value of £310,000 plus interest and issued a new convertible loan note for £400,000 which carries interest at 5% per annum with an average exercise price of 3 pence per share.

## FRAGRANT PROSPERITY HOLDINGS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (continued)

The Company currently has convertible loan notes with a principle amount of £515,000 that have either matured as at the end of the year or subsequent to the year end. The Company will seek to renegotiate the terms of these loan notes either in advance of or as part of an acquisition.

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

#### 10. RELATED PARTY TRANSACTIONS

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

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Simon James Retter*	-	-
Craig Marshak	-	35,000
Richard Samuel	-	7,500
Mahesh Pulandaran	-	-
	<hr/>	<hr/>
	-	42,500

\*In 2023 £23,500 of fees were incurred to Stonedale Management & Investments Ltd a company controlled by Simon Retter regarding work undertaken on the financial investment undertaken during the year. In 2022 this was £30,000.

In addition Stonedale management holds an option over 2,500,000 shares with an exercise price of 0p.

Craig Marshak holds options over 2,500,000 shares with an exercise price of 0p.

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, other than those noted above the Company did not enter into any material transactions with related parties. As at reporting date, there was an amount of £40,079 accrued due the directors.

#### 11. CONTROL

The Directors consider there is no ultimate controlling party.

#### 12. DESCRIPTION OF RESERVES

Retained Earnings comprises accumulated gains and losses incurred to date.

Convertible Loan Note reserve comprises the fair value of the equity component of the convertible loan notes held by the Company.

**FRAGRANT PROSPERITY HOLDINGS LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (continued)**

**13. SUBSEQUENT EVENTS**

The nonbinding heads of terms entered into between the Company and Hi 55 Ventures Ltd in respect of an intending acquisition and refinancing of FPP was terminated following the expiry of the exclusivity period.