

Company registration No. 08707223

KWASA INVEST LIMITED

Annual Report and Audited Financial Statements

For the year ended

31 December 2022

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KWASA INVEST LIMITED

Report of Directors and Audited Financial Statements for the year ended 31 December 2022

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KWASA INVEST LIMITED

Officers and Professional Advisers

Directors

Mohamad Hafiz Bin Kassim
Ahmad Ramzi Bin Abdullah

Registered Office

Ground Floor
40 Portman Square
London
United Kingdom
W1H 6LT

Secretary

Norose Company Secretarial Services Limited
3 More London Riverside
London,
United Kingdom
SE1 2AQ

Registered Number

08707223

Auditor

PricewaterhouseCoopers CI LLP (appointed on 13 October 2022)
37 Esplanade
St Helier
Jersey
JE1 4XA

Deloitte LLP (resigned on 13 October 2022)
Gaspé House
66-72 Esplanade
St Helier
Jersey
JE4 8WA

Bankers

HSBC Bank Plc
62-67 Park Street
Southwark
London
United Kingdom
SE1 9DZ

Malayan Banking Berhad
77 Queen Victoria Street
London
United Kingdom
EC4V 4AY

CIMB Bank Berhad
27 Knightsbridge
London
United Kingdom
SW1X 7YB

KWASA INVEST LIMITED

Report of the Directors for the year ended 31 December 2022

The Directors present their Annual report together with the financial statements of KWASA Invest Limited (the “Company”) for the year ended 31 December 2022.

Principal activity and business review

The Company was incorporated on 26 September 2013 and its registered office is 40 Portman Square, London, United Kingdom. The principal activity of the Company is the provision of research services.

Results

The statement of comprehensive income for the year ended 31 December 2022 and the statement of financial position at that date are set out on pages 9 and 10 respectively.

The net assets of the Company as at 31 December 2022 were £304,184 (2021: £233,895). The profit for the year amounted to £70,289 (2021: £81,672). The Company did not declare any dividends during the year (2021: £nil).

Going concern

The Directors are of the belief that the Company is expected to continue to generate positive cash flows as the company cash flows are based on generating revenue on a cost-plus basis to the controlling party. These services are invoiced in advance based on projected costs but also subject to a true-up, therefore it is considered reasonable that it will generate positive cash flows which will directly cover the costs it incurs. This is expected to continue for at least twelve months from the date of approval of these financial statements. While the Directors monitor ongoing changes, there are currently no changes expected in the arrangements with the controlling party. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements for the year ended 31 December 2022.

Directors

The Directors of the Company during the year and subsequently were:

Mohamad Hafiz Bin Kassim
Ahmad Ramzi Bin Abdullah

None of the Directors have any beneficial interest in the ordinary share capital of the Company.

Directors’ qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity remains in force as at the date of approving the Directors’ report.

KWASA INVEST LIMITED

Report of the Directors for the year ended 31 December 2022 *(continued)*

Statement of disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

1. so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware;
and
2. the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

Auditor

PricewaterhouseCoopers CI LLP was appointed as independent auditors to the Company on 02 November 2022

Subsequent events

There were no subsequent events or transactions that required recognition or disclosure in the financial statements.

Company Secretary

The Company secretary during the year and subsequently was Norose Company Secretarial Services Limited.

This report has been prepared in accordance with section 419(2) of the Companies Act 2006 relating to small entities.

KWASA INVEST LIMITED

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and UK adopted International Financial Reporting Standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the UK adopted (IFRS) in conformity with the requirements of the Companies Act 2006 have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.


The financial statements have been prepared in accordance with the provision applicable to companies subject to the small companies regime and is exempted from preparing strategic report.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 Directors confirm that they have complied with the above requirements through the year and subsequently.

On behalf of the Board

As Director



.....
Ramzi Abdullah

07 March 2023

.....
Date

Independent auditors' report to the members of KWASA Invest Limited

Report on the audit of the financial statements

Opinion

In our opinion, KWASA Invest Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: Statement of financial position as at 31 December 2022; Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 opinion.

Independence

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

Conclusions relating to going concern

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 ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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. We have nothing to report based on these responsibilities.

With respect to the Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- enquiring with management and the directors of the company as to any actual or suspected instances of fraud or non-compliance with laws and regulations;
- performed testing over the appropriateness of journal entries made in the preparation of the financial statements and those relating to revenue;

- obtained a list of journal entries and confirmed their completeness. We selected a sample of journal entries which were tested for appropriateness, focusing on riskier journals, including those relating to revenues
- performed unpredictable testing over certain balances, for example those that are immaterial or would not normally be included in our testing

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Ian Ross (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Jersey, Channel Islands
7 March 2023

KWASA INVEST LIMITED**Statement of comprehensive income for the year ended 31 December 2022**

	Notes	31 December 2022 £	31 December 2021 £
Revenue	6	958,751	934,200
Expenses			
Administrative expenses	7	(214,565)	(157,312)
Depreciation of ROU asset	10	(81,084)	(76,326)
Payroll costs	8	(550,890)	(592,217)
Operating profit		<u>112,212</u>	<u>108,345</u>
Finance expense	14	(8,667)	(7,451)
Profit before income tax		<u>103,545</u>	<u>100,894</u>
Taxation	9	(33,256)	(19,222)
Profit and total comprehensive income for the year		<u><u>70,289</u></u>	<u><u>81,672</u></u>

The Company has no recognised gains and losses other than the profit for the year.

All results were derived from continuing operations.

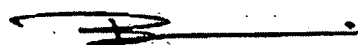
The notes on pages 13 to 28 form an integral part of these financial statements.

KWASA INVEST LIMITED**Statement of financial position as at 31 December 2022**

	Notes	31 December 2022 £	31 December 2021 £
Non-current assets			
Right of use asset	10	140,553	214,866
Current assets			
Other receivables	11	36,010	35,511
Trade receivables	17	80,343	205,642
VAT recoverable		12,660	11,899
Cash and cash equivalents	12	275,181	31,302
Total current assets		404,194	284,354
Total assets		544,747	499,220
Equity			
Share capital	15	100,000	100,000
Retained earnings		204,184	133,895
Total equity		304,184	233,895
Non-current liabilities			
Lease liability	14	63,309	142,784
Current liabilities			
Trade and other payables	13	63,461	31,168
Current taxation	9	31,993	19,170
Lease liability	14	81,800	72,203
		177,254	122,541
Total liabilities		240,563	265,325
Total equity and liabilities		544,747	499,220

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and were approved and authorised for issue by the Board of Directors, on _____ and signed on its behalf by:

Company registration No. 08707223



.....
Ramzi Abdullah
Director

The notes on pages 13 to 28 form an integral part of these financial statements.

KWASA INVEST LIMITED**Statement of changes in equity for the year ended 31 December 2022**

	Share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	100,000	52,223	152,223
Profit for the year	-	81,672	81,672
Balance at 31 December 2021	<u>100,000</u>	<u>133,895</u>	<u>233,895</u>
Balance at 1 January 2022	100,000	133,895	233,895
Profit for the year	-	70,289	70,289
Balance at 31 December 2022	<u>100,000</u>	<u>204,184</u>	<u>304,184</u>

The notes on pages 13 to 28 form an integral part of these financial statements.

KWASA INVEST LIMITED

Statement of cash flows for the year ended 31 December 2022

	Notes	31 December 2022 £	31 December 2021 £
Cash flows from operating activities			
Profit before income tax		103,545	100,894
Adjustments for:			
Depreciation	10	81,084	76,326
Finance expense	14	8,667	7,451
Rental costs - re-measurement of lease liabilities	7	(3,516)	-
Changes in working capital:			
Decrease/(increase) in trade and other receivables		124,039	(1,599)
Increase/(decrease) in trade and other payables		32,293	(93,492)
Tax paid		(20,433)	(16,408)
Net cash generated from operating activities		325,679	73,172
Cash flows from financing activities			
Payments of lease liability principal	14	(81,800)	(75,940)
Interest paid		-	(7,451)
Net cash used in financing activities		(81,800)	(83,391)
Net increase/(decrease) in cash and cash equivalents		243,879	(10,219)
Cash and cash equivalents at the beginning of the year		31,302	41,521
Cash and cash equivalents at the end of the year	12	275,181	31,302

The notes on pages 13 to 28 form an integral part of these financial statements

KWASA INVEST LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022

1 General information and principal activity

The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England. The address of its registered office is Ground Floor, 40 Portman Square, London, United Kingdom. The nature of the Company's operations and its principal activities is the provision of research services.

2 Statement of compliance

The financial statements have been prepared in accordance with the UK adopted International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006. The principal accounting policies adopted by the Company are set out in Note 3.

Functional and presentation currency

Items included in the Company's financial statements are measured and presented using the currency of the primary economic environment in which it operates (the 'functional currency'). The financial statements are presented in Pound Sterling, which is the functional currency and presentation currency of the Company.

3 Summary of significant accounting policies

Basis of preparation

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

These financial statements have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis, applying the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. Management believes that the underlying assumptions are appropriate. There are areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

Going concern

The Directors are of the belief that the Company is expected to continue to generate positive cash flows as the company cash flows are based on generating revenue on a cost-plus basis to the controlling party. These services are invoiced in advance based on projected costs but also subject to a true-up, therefore it is considered reasonable that it will generate positive cash flows which will directly cover the costs it incurs. This is expected to continue for at least twelve months from the date of approval of these financial statements. While the Directors monitor ongoing changes, there are currently no changes expected in the arrangements with the controlling party. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements for the year ended 31 December 2022.

(a) New and amended standards, and interpretations applicable for the financial year beginning 1 January 2022

Amendment to IFRS 16

On 31 March 2021, the IASB published Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) extending by one year, the May 2020 amendment that provides lessees with an optional practical expedient from assessing whether a COVID-19-related rent concession is a lease modification. This practical expedient is available to rent concessions for which any reduction in lease payments originally due on or before 30 June 2021. The amendment is effective for annual reporting periods beginning on or after 1 April 2021.

The introduction of this standard did not have any material impact on the Company's financial statements in the current year.

KWASA INVEST LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)

3 Summary of significant accounting policies (continued)

(a) New and amended standards, and interpretations applicable for the financial year beginning 1 January 2022 (continued)

Annual Improvements to IFRS Standards 2018-2020

The Annual Improvements include amendments to two Standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The amendments to the Annual Improvements to IFRS Standards 2018-2020 did not have any material impact on the Company's financial statements in the current year.

Amendments to IFRS 3 Business Combinations

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The amendments to IFRS 3 did not have any material impact on the Company's financial statements in the current year.

Amendments to IAS 16 Property, Plant and Equipment

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The amendments to IAS 16 did not have any material impact on the Company's financial statements in the current year.

KWASA INVEST LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 *(Continued)*

3 Summary of significant accounting policies *(continued)*

(a) New and amended standards, and interpretations applicable for the financial year beginning 1 January 2022 *(continued)*

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The amendments to IAS 37 did not have any material impact on the Company's financial statements in the current year.

(b) New standards, amendments and interpretations issued but effective for the financial period beginning January 2023 or later and not early adopted

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making materiality judgements

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The Company has chosen not to early apply the amendments to IAS 1 and IFRS Practice Statement 2 for the reporting period ending 31 December 2022, which are mandatory for annual reporting periods beginning on or after 1 January 2023.

Amendments to IAS 8, Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

KWASA INVEST LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 *(Continued)*

3 Summary of significant accounting policies *(continued)*

(b) New standards, amendments and interpretations issued but effective for the financial period beginning January 2023 or later and not early adopted (continued)

Amendments to IAS 8, Definition of Accounting Estimates (continued)

The Company has chosen not to early apply the amendments to IAS 8 for the reporting period ending 31 December 2022, which are mandatory for annual reporting periods beginning on or after 1 January 2023.

Amendments to IAS 12 Income taxes

The IASB issued 'Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Company has chosen not to early apply the amendments to IAS 12 for the reporting period ending 31 December 2022, which are mandatory for annual reporting periods beginning on or after 1 January 2023.

IAS 1 amendments on classification

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024.

Due to these ongoing developments, the Company is unable to determine the impact of these amendments on the future periods. The amendments have not yet been adopted by the UK.

IFRS 16 Lease liability in a sale and leaseback

On 22 September 2022, the IASB issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) with amendments that clarify how a seller-lessee subsequently measures sale and lease back transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The amendments are effective for annual periods beginning on or after 1 January 2024, with earlier application permitted. The amendments have not yet been adopted by the UK.

The Company has chosen not to early apply the amendments to IFRS 16 for the reporting period ending 31 December 2022, which are mandatory for annual reporting periods beginning on or after 1 January 2024.

Income

Income deriving from the provision of research services is recognised in the statement of comprehensive income in the period in which the service is performed (on an accruals basis). Research service fee is charged at full cost plus a 12% mark-up of the Company's expenses.

KWASA INVEST LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 *(Continued)*

3 Summary of significant accounting policies *(continued)*

Leases

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'.

To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is re measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Interest

Interest income and expenses are recognised within 'finance income' and 'finance costs' respectively in the statement of comprehensive income using the effective interest rate method.

Expenses

Expenses are recognised as an expense in the statement of comprehensive income in the period in which they are incurred (on an accruals basis).

KWASA INVEST LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 (*Continued*)

3 Summary of significant accounting policies (*continued*)

Right of use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Financial instruments

i. Recognition and initial measurement

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

ii. Classification and subsequent measurement

a. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

All of the Company's financial assets are held at amortised cost.

The Company's financial liabilities are classified as those to be measured at amortised cost.

b. Subsequent measurement

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses on financial assets are presented as separate line item in the consolidated statement of comprehensive income.

KWASA INVEST LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 (*Continued*)

3 Summary of significant accounting policies (*continued*)

Financial instruments (*continued*)

Financial liabilities

Financial liabilities are subsequently measured at amortised cost

iii. Derecognition

Financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iv. Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss, including trade and other receivables. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company.

KWASA INVEST LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

iv. Impairment (continued)

Please refer to Note 4 under credit risk section for further disclosures about the Company's impairment of trade and other receivables.

Cash and cash equivalents

Cash in the statement of financial position comprise cash at banks and in hand.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the period end date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affect neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted at the period end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax balances are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary difference arising on property, plant and equipment, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probably that the temporary difference will not reverse in the foreseeable future.

Revenues, expenses and assets are recognised net of the amount of sales tax, except for receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

4 Financial Risk Management

The board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and ensure any limits are adhered to. The Company's activities are reviewed regularly and potential risks are considered.

Financial risk factors

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

- credit risk
- liquidity risk
- market risk (including currency risk, interest rate risk and other price risk)

KWASA INVEST LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)

4 Financial Risk Management (continued)

Principal financial instruments

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

- Cash and cash equivalents
- Trade and other payables
- Trade receivables

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from related companies and cash and cash equivalents held at banks.

The Company's maximum exposure to credit risk by class of financial asset is as follows:

	31 December 2022 £	31 December 2021 £
Cash and cash equivalents	275,181	31,302
Trade receivables	80,343	205,642

The recoverability of these amounts due from related companies is reviewed on an ongoing basis.

The expected loss rates are based on the Company's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The expected loss was calculated as zero.

Credit risk management

In order to minimise credit risk, the Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Furthermore, the Company reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In addition, the Company receives funding from related party in advance, thus reducing credit risk. In this regard, the Directors of the Company consider that the Company's credit risk is significantly reduced.

Categorisation of Financial Assets and Financial Liabilities

The table shows the carrying amounts / fair values and levels of fair value hierarchy of financial assets and financial liabilities by category of financial instrument as at 31 December 2022 and 31 December 2021. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

KWASA INVEST LIMITED
Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)
4 Financial Risk Management (continued)
Categorisation of Financial Assets and Financial Liabilities (continued)

	Carrying amount/Fair value		Level of fair value hierarchy	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Financial assets not measured at fair value				
Cash and cash equivalents	275,181	31,302	-	-
Trade receivables	80,343	205,642		
	<u>355,524</u>	<u>236,944</u>		
Financial liabilities not measured at fair value				
Trade and other payables	(34,728)	(31,168)	-	-
	<u>(34,728)</u>	<u>(31,168)</u>		

Liquidity risk

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

The Company's liquidity position is monitored and reviewed on a quarterly basis by the Directors. Invoicing to the parent company is in advance based on projected costs. The Company balances this with ensuring appropriate match with the availability of cash. Where additional, unforeseen costs are incurred advance invoicing or short-term funding is used to maintain liquidity.

The amounts disclosed in the below tables are the contractual undiscounted cash flows. The maturity analysis of financial instruments as at 31 December 2022 is as follows:

	Carrying amount/Fair value	
	31 December 2022	31 December 2021
Financial assets - due within one year		
Cash and cash equivalents	275,181	31,302
Trade receivables	80,343	205,642
	<u>355,524</u>	<u>236,944</u>
Financial liabilities - due on demand		
Trade and other payables	(34,728)	(31,168)
	<u>(34,728)</u>	<u>(31,168)</u>

KWASA INVEST LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)

4 Financial Risk Management (continued)

Categorisation of Financial Assets and Financial Liabilities (continued)

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, currency and interest rates. The Company's market risk arises from open position in interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

a) Market risk

The Company is not exposed to market risk, currency risk and interest rate risk with respect to financial instruments as it does not hold financial instruments in a foreign currency, nor borrowings subject to variable interest rates. Furthermore, it does not hold any marketable equity securities or investments exposed to market risk.

IFRS 7 requires disclosure of sensitivity analysis for each type of market risk to which the entity is exposed at the report date showing how profit or loss and equity would have been affected by changing the relevant risk variables that were reasonably possible at that date.

b) Fair values

The fair values of the Company's financial assets and liabilities are not materially different to their carrying values.

c) Sensitivity analysis

As discussed above, the Company does not have significant exposure to market risk and therefore no sensitivity analysis for those risks has been disclosed.

Capital management

The Company considers its capital to comprise its ordinary share capital.

The Directors' objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders.

5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors have not made any such estimates or judgements during the year.

There are no critical judgments that Directors have made in the process of applying the Company's accounting policies and that have significant effect on the amounts recognised in the financial statements.

6 Revenue

	31 December 2022	31 December 2021
	£	£
Revenue		
Management fee	958,751	934,200

KWASA INVEST LIMITED
Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)
7 Administrative expenses

	31 December 2022	31 December 2021
	£	£
Administration expenses		
Rental costs*	(3,516)	(1,591)
Office costs	61,920	64,729
Advisory	31,667	27,154
Audit fees	10,227	13,746
Travel and entertainment	76,933	-
Other staff costs	19,398	36,034
IT costs	18,087	13,516
Sundry expenses	2,423	965
Utilities	(2,574)	2,759
	<u>214,565</u>	<u>157,312</u>

* This relates to the adjustment made during the year to lease liability balance.

8 Payroll costs

	31 December 2022	31 December 2021
	£	£
Number of staff employed:		
Average for the year		
Management and administration	2	2
Investment management	2	3
At year-end	<u>4</u>	<u>5</u>
Total staff costs for the year	458,072	486,246
Total pension costs for the year	28,657	31,248
Total social security costs for the year	64,161	74,723
	<u>550,890</u>	<u>592,217</u>
Directors Remuneration:		
Directors emoluments	149,681	151,980
Other short term benefits	1,536	1,480

KWASA INVEST LIMITED**Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)****9 Taxation on profit**

The Company is a subject to UK Corporation Tax at the prevailing rate of 19% (2021:19%). An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021 and therefore may impact the Company in the future

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit and loss before tax as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years or items that are never taxable or deductible. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Taxation on profit on ordinary activities

	31 December 2022	31 December 2021
	£	£
<u>Tax expense</u>		
Current tax expense		
Current tax on profits for the year	19,674	19,170
Adjustment for under provision in previous years	1,263	52
Adjustment for disallowable expenditure	12,319	-
Total current tax	<u>33,256</u>	<u>19,222</u>
Total tax expense	<u><u>33,256</u></u>	<u><u>19,222</u></u>

The reasons for the difference between the actual tax charge for the year and the rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	31 December 2022	31 December 2021
	£	£
Profit before tax	<u>103,545</u>	<u>100,894</u>
Tax using the company's domestic tax rate of 19% (2021: 19%)	19,674	19,170
Adjustment for under provision in previous years	1,263	52
Adjustment for disallowable expenditure	12,319	-
Total tax expense	<u><u>33,256</u></u>	<u><u>19,222</u></u>

KWASA INVEST LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)

10 Right of use asset

	Office premises £
Cost	
As at 1 January 2022	398,552
Re-measurement of lease liability *	6,771
Balance as at 31 December 2022	405,323
Depreciation	
As at 1 January 2022	183,686
Re-measurement of depreciation *	3,424
Depreciation	77,660
Balance as at 31 December 2022	264,770
Net book value at 31 December 2022	140,553
Net book value at 31 December 2021	214,866

* This relates to re-measurement of lease liability to reflect actual payments made and expected future payments now due under the lease

11 Other receivables

	31 December 2022 £	31 December 2021 £
Amounts falling due within one year:		
Prepayments	36,010	35,511
	36,010	35,511

12 Cash and cash equivalents

	31 December 2022 £	31 December 2021 £
HSBC Bank (UK)	260,559	6,350
Maybank	5,233	5,551
CIMB	9,389	19,401
	275,181	31,302

The banks have the following Moody's credit rating: HSBC Bank (UK) A1 (2021: A1), Maybank A3 (2021: A3) and CIMB has A3 (2021: A3).

KWASA INVEST LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)

12 Cash and cash equivalents (continued)

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

13 Liabilities

	31 December 2022	31 December 2021
	£	£
Trade and other payables		
Accruals	34,728	31,168
Deferred income	28,733	-
	<u>63,461</u>	<u>31,168</u>

14 Lease liability

	31 December 2022	31 December 2021
	£	£
<u>Lease liabilities</u>		
Maturity analysis - contractual undiscounted cash flows		
Less than one year	81,800	80,569
One to five years	63,309	219,447
More than five years	-	-
Total undiscounted lease liabilities carried forward	<u>145,109</u>	<u>300,016</u>

Lease liabilities included in the statement of financial position at 31 December 2022

Current	81,800	72,203
Non-Current	63,309	142,784
	<u>145,109</u>	<u>214,987</u>

Amounts recognised in statement of comprehensive income

Re-measurement of interest on lease liability *	3,730	-
Interest on lease liabilities	4,937	7,451
	<u>8,667</u>	<u>7,451</u>

Amounts recognised in statement of cash flows

Total cash outflow of leases	81,800	75,940
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* This relates to re-measurement of lease liability to reflect actual payments made and expected future payments now due under the lease.

KWASA INVEST LIMITED**Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)****14 Lease liability**

	31 December 2022	31 December 2021
	£	£
<u>Lease liability reconciliation</u>		
Opening balance	214,987	290,927
Re-measurement of lease liability*	6,985	(1,591)
Interest on lease liability	4,937	7,451
Payments	(81,800)	(81,800)
Closing balance	<u>145,109</u>	<u>214,987</u>

* This relates to re-measurement of the lease liability

15 Share capital

	31 December 2022	31 December 2021
	£	£
Share capital		
<i>Authorised</i>		
100,000 ordinary shares of £1.00 each	100,000	100,000
<i>Called up issued and fully paid</i>		
100,000 ordinary shares of £1.00 each	<u>100,000</u>	<u>100,000</u>

16 Dividends per share

No dividends were paid during the year £Nil (2021:£Nil).

17 Related party transactions

Employees Provident Fund Board (EPF), the ultimate controlling party had an amount payable to the Company of £Nil (2021: £205,642) for research fee income receivable. This balance is current and not past due.

Income of £958,751 (2021: £934,200) was charged to EPF in the year for the provision of research services.

In addition, an amount of £80,343 (2021: £Nil) is payable by EPF in connection with recharge of expenses.

The lease liability relates to a lease of a property from Portman Investments Unit Trust. Portman Investments Unit Trust is a related party through common parent. During the year 31 December 2022, the Company £81,800 (2021: £81,800) for rental charges.

18 Subsequent events

There were no other subsequent events or transactions that required recognition or disclosure in the financial statements.

19 Controlling party

The immediate and ultimate controlling party is the Employees Provident Fund Board, of Menara KWSP No 1, Persiaran Kwasa Utama, Kwasa Damansara, Seksyen U4, 40150 Shah Alam, Selangor Darul Ehsan.