JMMB Securities (T&T) Limited

Financial Statements

As at and for the year ended 31 March 2022
(Expressed in Trinidad and Tobago dollars)

JMMB Securities (T&T) Limited
Index
31 March 2022

Statement of Management's Responsibilities
JMMB Securities (T&T) Limited

Management is responsible for the following:

- Preparing and fairly presenting the financial statements of JMMB Securities (T&T) Limited (the Company), which comprise the statement of financial position as at March 31, 2022, the statements of profit or loss and other comprehensive income, accumulated deficit/retained earnings and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;

- Ensuring that the Company keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date, or from the date the financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Tricia Kissoon
Chief Executive Officer

Naomi Arjoonsingh
Chief Financial Officer

Date: May 25, 2022

Date: May 25, 2022

KPMG

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Chartered Accountants
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Independent Auditors' Report
To the Shareholders of JMMB Securities (T&T) Limited

Opinion

We have audited the financial statements of JMMB Securities (T&T) Limited ('the Company") which comprise the statement of financial position as at March 31, 2022, the statements of profit or loss and other comprehensive income, accumulated deficit/retained earnings, and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)

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

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

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 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG

Chartered Accountants

Port of Spain
Trinidad and Tobago
June 24, 2022

JMMB Securities (T&T) Limited

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2022

(Expressed in Trinidad and Tobago dollars)

	Notes	2022	2021
		$	**$**
Net interest income			
Interest income calculated using the effective interest method	4	116,410	99,061
Interest expense		(581,089)	-
		(464,679)	99,061
Other revenue			
Net commissions on equity trading/brokerage		5,339,428	2,818,393
Gains on securities trading (net) FVTPL		3,701,685	-
Net revenue (loss) from financial instruments at fair value through profit or loss		1,348,169	(3,445)
Foreign exchange loss		(1,059,919)	(16,136)
		(9,329,363)	(2,798,812)
Revenue		8,864,684	2,897,873
Other income			
Dividends		339,269	308,297
Other income		4,378	5,211
Total income		9,208,331	3,211,381
Operating expenses			
Staff costs	5	(1,761,583)	(702,696)
Other expenses	6	(1,858,368)	(1,749,260)
		(3,619,951)	(2,451,956)
Profit before Impairment Losses and Taxation		5,588,380	759,425
Impairment losses on financial assets	7	(181,955)	(89,897)
Profit before Taxation		5,406,425	669,528
Taxation	8	51,615	(24,732)
Profit for the Year		5,458,040	644,796

The accompanying notes on pages 10 to 62 are an integral part of these financial statements.

JMMB Securities (T&T) Limited

Statement of Profit or Loss and Other Comprehensive Income (continued)

Year ended 31 March 2022
(Expressed in Trinidad and Tobago dollars)

	Note	2022	2021
		$	$
Profit for the Year		5,458,040	644,796
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity instruments at FVOCI		(331,342)	175,851
Related tax	13	99,403	(52,756)
		(231,939)	123,095
Total comprehensive income for the year		5,226,101	767,891

The accompanying notes on pages 10 to 62 are an integral part of these financial statements.

JMMB Securities (T&T) Limited

Statement of Financial Position

31 March 2022
(Expressed in Trinidad and Tobago dollars)

	Note	2022 $	2021 $
Assets			
Cash and cash equivalents	9	49,776,993	22,047,667
Receivables and prepayments	10	16,754,814	8,886,438
Investment securities	11	34,628,155	10,968,863
Furniture and equipment	12	37,115	-
Deferred tax asset	13	3,451,352	3,319,759
Total Assets		104,648,429	45,222,727
Equity and Liabilities			
Equity			
Share capital	14(i)	12,909,798	12,909,798
6% non-cumulative preference shares	14(i)	2,500,000	2,500,000
Investment revaluation reserve	14(ii)	4,037,131	4,269,070
Retained earnings/accumulated deficit		5,341,581	(116,459)
Total Equity		24,788,510	19,562,409
Liabilities			
Accounts payable	15	49,780,237	23,834,483
Loan from parent		28,353,250	-
Deferred tax liability	13	1,726,432	1,825,835
		79,859,919	25,660,318
Total Equity and Liabilities		104,648,429	45,222,727

Approved for issue by the Board of Directors on May 25, 2022 and signed on its behalf by:

Wayne Sutherland	**Director**	**Kisha Anderson**	**Director**

The accompanying notes on pages 10 to 62 are an integral part of these financial statements.

JMMB Securities (T&T) Limited

Statement of Changes in Equity

Year ended 31 March 2022

(Expressed in in Trinidad and Tobago dollar)

	Share Capital	Preference Shares	Investment Revaluation Reserve	Retained Earnings	Total Equity
	$	$	$	$	$
Balance at 1 April 2020	12,909,798	2,500,000	4,145,975	(761,255)	18,794,518
Profit for the year	-	-	-	644,796	644,796
Other comprehensive income, net of tax					
Net change in fair value of debt and equity instruments at FVOCI	-	-	123,095	-	123,095
Total comprehensive income for the year	-	-	123,095	644,796	767,891
Balance at 31 March 2021	12,909,798	2,500,000	4,269,070	(116,459)	19,562,409
Balance at 1 April 2021	12,909,798	2,500,000	4,269,070	(116,459)	19,562,409
Profit for the year	-	-	-	5,458,040	5,458,040
Other comprehensive income, net of tax					
Net change in fair value of debt and equity instruments at FVOCI	-	-	(231,939)	-	(231,939)
Total comprehensive income for the year	-	-	(231,939)	5,458,040	5,226,101
Balance at 31 March 2022	12,909,798	2,500,000	4,037,131	5,341,581	24,788,510

The accompanying notes on pages 10 to 62 are an integral part of these financial statements.

JMMB Securities (T&T) Limited

Statement of Cash Flows

Year ended 31 March 2022
(Expressed in Trinidad and Tobago dollars)

	Note	2022	2021
		$	$
Cash Flows from Operating Activities			
Profit for the year		5,458,040	644,796
Adjustments for:			
Interest income	4	(116,410)	(99,061)
Interest Expense		581,089	-
Taxation	8	(51,615)	24,732
Gains on securities trading (net) FVTPL		(3,701,685)	-
Unrealized loss on financial assets at fair value through profit or loss		(1,348,169)	3,445
Depreciation	12	10,250	-
		831,500	573,912
Changes in operating assets and liabilities:			
Receivables and prepayments		(7,868,379)	(1,343,396)
Payables and accruals		25,782,913	(4,619,738)
		18,746,034	(5,389,222)
Interest received		116,410	99,061
Taxes paid		(79,978)	(24,732)
Net cash from (used in) operating activities		18,782,466	(5,314,893)
Cash Flows from Investing Activities			
Purchase of investment securities		(56,733,662)	(2,001,876)
Sale of investment securities		37,792,884	-
Purchase of furniture and equipment		(47,365)	-
Net cash used in investing activities		(18,988,143)	(2,001,876)
Cash Flows from Financing Activities			
Loan from parent		28,353,250	-
Interest paid		(418,247)	-
Net cash from Financing Activities		27,935,003	-
Net increase (decrease) in cash and cash equivalents		27,729,326	(7,316,769)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		22,047,667	29,364,436
CASH AND CASH EQUIVALENTS AT END OF YEAR	9	49,776,993	22,047,667

The accompanying notes on pages 10 to 62 are an integral part of these financial statements.

1. General Information

On April 30, 2014, JMMB Investments (Trinidad and Tobago) Limited (the "parent company") purchased 100% of the ordinary and preference shares of AIC Securities Limited previously held by AIC Financial Group Limited and Maritime Life Caribbean Limited. The parent company's registered office is #169 Tragarete Road, Port of Spain, Trinidad and Tobago.

JMMB Securities (T&T) Limited (formerly AIC Securities Limited) (the "Company") was incorporated in the Republic of Trinidad and Tobago on April 1, 1975 and its principal activity is that of a stockbroker serving the investment needs of its individual and institutional clients, trading in bonds, shares and other securities. The Company is registered with the Trinidad and Tobago Securities and Exchange Commission and is also a member firm of the Trinidad and Tobago Stock Exchange Limited ("TTSE"). The Company's registered office is #169 Tragarete Road, Port of Spain, Trinidad and Tobago. The ultimate parent, JMMB Group Limited, is incorporated and domiciled in Jamaica.

2. Basis of Preparation

(a) Basis of accounting

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Details of the Company's accounting policies, including changes during the year, are included in Note 21.

(b) Basis of preparation

The financial statements are prepared on the historical cost basis, except for the following:

- financial instruments at fair value through profit or loss (FVTPL).
- financial instruments at fair value through other comprehensive income (FVOCI).

(c) Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operations ("the functional currency").

The financial statements are presented in Trinidad and Tobago dollars, which is the functional currency of the Company, and are expressed in full amounts unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended.

Note 3 provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

2. Basis of Preparation (continued)

(d) Use of estimates and judgements (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

(e) Comparative information

Wherever necessary, the comparative figures are reclassified to conform to the current year's presentation.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effects on amounts recognised in the financial statements, or which have a risk of material adjustment in the next financial year, are as follows:

(a) Key sources of estimation uncertainty

(i) Impairment of financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers/issuers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 17(a.ii), which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk with qualitative factors incorporated for the economic impact of COVID-19;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios, with the increased uncertainties due to COVID-19 for each type of product/market and the associated ECL and;
- Establishing groups of similar financial assets for the purposes of measuring ECL.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

(a) Key sources of estimation uncertainty (continued)

(ii) Fair value of financial instruments

There are no quoted market prices for a portion of the Company's financial assets and financial liabilities. Accordingly, fair values of the financial assets are estimated using prices obtained from other sources. There is significant uncertainty inherent in this approach, as a result of global events, with the fair values estimated being categorised as Level 3 fair values, consequently, the estimates arrived at may be different from the actual price of the instrument in an actual arm's length transaction (see Notes 11 and 19).

(b) Critical *accounting judgements in applying the company's accounting policies*

The Company's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances.

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

(i) Classification of financial assets

In classifying financial assets, management makes judgements about whether the criteria are met. For example, the determination of whether a financial asset may be classified fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI), or amortised cost. Also, whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy requires judgement as to whether a market is active.

(ii) Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

	2022 $	2021 $
4. Interest Income calculated using the effective interest rate method		
Interest income from balances with banks	112,566	95,012
Other interest income	3,844	4,049
	116,410	99,061

	2022 $	2021 $
5. Staff Costs		
Salaries and wages	1,658,295	647,864
Statutory payroll contributions	28,226	28,534
Pension scheme contributions	50,782	22,225
Other staff benefits	24,280	4,073
	1,761,583	702,696

The number of persons employed at the year-end is 2 (2021: 2).

	2022 $	2021 $
6. Other Expenses		
Marketing corporate affairs and donations	63,240	59,670
Insurance	75,466	62,253
Auditor's remuneration	84,974	160,866
Information technology expenses	177,184	125,269
Legal and professional fees	277,911	212,430
Repair and maintenance	38,143	31,383
Property expenses	708,889	720,948
Security	29,576	48,283
Stationery, printing and postage	8,202	21,604
Utilities	36,374	28,635
Bank charges	6,390	4,500
Other	352,019	273,419
	1,858,368	1,749,260

With regards to the property expenses leases are considered short term or of low value.

	2022 $	2021 $
7. Impairment (loss) gain on Financial Assets		
Impairment on receivables	(181,955)	(89,897)

	2022 $	2021 $
8. Taxation		
i. Taxation change		
Business levy	79,978	24,732
Deferred income tax relating to the origination and reversal of temporary differences	(131,593)	-
	(51,615)	24,732

ii. Reconciliation of the effective tax rate

The tax profit before taxation differs from the theoretical amount that would arise using the basic rate of tax as follows:

	2022 %	2022 $	2021 %	2021 $
Profit before taxation	100	5,406,425	100	669,528
Tax calculated at 30%	30	1,621,928	30	200,858
Adjusted for the effects of:				
Tax losses utilised in current year	(29)	(1,571,445)	(20)	(138,148)
Expenses not deductible for tax purposes	-	11,700	4	32,143
Income not subject to tax	(2)	(113,644)	(14)	(94,853)
Prior year tax adjustment	(1)	(80,132)	-	-
Business levy	1	79,978	4	24,732
	(1)	(51,615)	4	24,732

9. Cash and Cash Equivalents

	2022 $	2021 $
Balances held at related party financial institution	46,797,925	20,373,548
Balances held at other banks	2,979,068	1,674,119
	49,776,993	22,047,667

10. Receivables and Prepayments

	2022 $	2021 $
Client balances	11,291,873	6,254,936
Less: Provision for Expected Credit Loss	(449,062)	(267,107)
Client balances – net	10,842,811	5,987,829
Broker balances	2,030,339	1,974,159
Related party (Note 16)	3,293,162	787,554
Sundry debtors and prepayments	588,503	136,896
	16,754,815	8,886,438

As at 31 March 2022 management has determined an expected credit loss of $449,062 (2021: $267,107) on its portfolio of receivables as at year-end.

11. Investments Securities

	2022 $	2021 $
Investment securities designated as at FVOCI – equity investments	7,594,700	7,926,043
Investment securities designated as at FVTPL – equity investments	27,033,455	3,042,820
	34,628,155	10,968,863
The movement in investment securities during the year is as follows:		
Beginning of year	10,968,863	8,794,580
Additions	56,733,662	2,001,876
Disposals	(32,743,028)	-
Net fair value gains (losses) arising during year	(331,342)	172,407
End of year	34,628,155	10,968,863

11. Investments Securities (continued)

Investment Securities include the following:

	2022		2021	
	Cost	**Fair Value**	**Cost**	**Fair Value**
	$	**$**	**$**	**$**
Listed securities				
Equity securities	26,493,239	27,709,386	3,677,778	3,595,247
Unlisted securities				
Trinidad and Tobago Stock Exchange	1,490,275	6,918,768	1,490,275	7,373,616
	27,983,514	34,628,154	5,168,053	10,968,863

The Company owns a 7.14% shareholding in the Trinidad and Tobago Stock Exchange (TTSE). This investment is carried at the fair value of TTSE as at year end as determined using the techniques in Note 19.

The Company has designated its equity holding in the Trinidad and Tobago Stock Exchange valued $ 6,918,768 thousand (2021: $7,373,616) as well as other quoted shares valued $675,732 (2021: $552,427) as FVOCI as these are not intended for trading purposes. None of these assets were derecognized during the period (2021: NIL).

During the year dividends of $55,200 were recognized in the profit or loss (2021: $291,456).

12. Furniture and equipment

	Computer & Fixtures	**Equipment**	**Total**
	$	**$**	**$**
1 April 2021	-	-	-
Additions	3,369	43,996	47,365
Depreciation charge	(168)	(10,082)	(10,250)
	3,201	**33,914**	**37,115**
Net book value			
31 March 2022	**3,201**	**33,914**	**37,115**
31 March 2021	**-**	**-**	**-**

13. Deferred Taxes

Deferred tax asset and liability recognised in the statement of financial position are as follows:

	2022	2021
	$	$
Deferred tax liability		
Investment securities	(1,726,432)	(1,825,835)
Deferred tax asset		
Property and equipment	2,449	-
Tax losses	3,314,184	3,319,759
Impairment losses on financial assets	134,719	-
	3,451,352	3,319,759
Net deferred tax asset	1,724,920	1,493,924

A deferred tax asset of $3,314,184 (2021: $3,319,759) in respect of tax losses of $11,038,104 (2021: $16,278,624) has been recognised in the current financial year.

The movement in the deferred tax account is as follows:

	2022			
	Balance at 1 April 2021	Recognised in Other Comprehensive Income	Recognised in Profit or Loss	Balance at 31 March 2022
	$'000	$'000	$'000	$'000
Net deferred tax asset				
Investment securities	(1,825,835)	99,403	-	(1,726,432)
Tax losses	3,319,759	-	(5,575)	(3,314,184)
Furniture and equipment	-	-	2,449	2,449
Impairment losses	-	-	134,719	134,719
	1,493,924	99,403	131,593	1,724,920

	2021			
	Balance at 1 April 2020	Recognised in Other Comprehensive Income	Recognised in Profit or Loss	Balance at 31 March 2021
	$'000	$'000	$'000	$'000
Net deferred tax asset				
Investment securities	(1,773,079)	(52,756)	-	(1,825,835)
Tax losses	3,319,759	-	-	3,319,759
	1,546,680	(52,756)	-	1,493,924

14. Share Capital and Reserves

(i) Share Capital

Authorised

-An unlimited number of ordinary shares of no par value.
-5,000,000 6% non-cumulative preference shares of TT$1.00 each

	2022 $	2021 $
Issued and fully paid		
17,730,541 ordinary shares of no par value	12,909,798	12,909,798
2,500,000 6% non-cumulative preference shares of TT$1.00 each	2,500,000	2,500,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings at the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Preference shares carry no voting rights. The payment of prescribed dividends is not a liability, is not cumulative and is not mandatory. The payment of prescribed dividends is at the discretion of the Company and in accordance with the Company's Act can only be paid from the after-tax profits generated by the Company's operations.

(ii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of equity securities measured at FVOCI until the assets are derecognised or reclassified.

15. Accounts payables

	2022	2021
	$	$
Client balances	22,359,545	12,600,935
Other payables and accruals	1,336,062	2,785,529
Broker balances	8,611,443	4,131,769
Related Party (Note 16)	17,473,187	4,316,250
	49,780,237	23,834,483

16. Related Party Transactions and Balances

(a) *A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, Related Party Disclosures as the "reporting entity" in this case, 'the Company").*

(i) A person or a close member of that person's family is related to a reporting entity if that person:

(1) has control or joint control over the Company;

(2) has significant influence over the Company; or

(3) is a member of the key management personnel of the Company or of a parent of the Company.

(ii) An entity is related to the Company if any of the following conditions applies:

(1) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third

(5) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the Company.

(6) The entity is controlled, or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a Company of which it is a part, provides key management personnel services to the group or to the parent of the Company.

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

(b) *Identity of related parties*

Related parties include the Company's parent, the Company's fellow subsidiaries and ultimate parent company, as well as their directors and executive management.

16. Related Party Transactions and Balances (continued)

	Note	2022 $	2021 $
Related Parties Transactions			
The following balances/transactions were held/carried out with related parties:			
(a) Amounts shown in cash and cash equivalents			
JMMB Bank (T&T) Limited	9	46,797,925	20,373,548
(b) Amount shown in receivables and prepayments			
JMMB Group Limited		255,279	255,279
JMMB Investments (Trinidad and Tobago) Limited		865,254	-
JMMB Securities Limited Jamaica		2,172,629	532,275
	10	3,293,162	787,554
(c) Amounts shown in accounts payable			
JMMB Bank (T&T) Limited		1,051,787	41,343
JMMB Money Market Brokers Limited		2,825,273	2,078,973
JMMB Securities Limited Jamaica		13,596,116	1,939,720
JMMB Investments (Trinidad and Tobago) Limited		11	256,214
	15	17,473,187	4,316,250
(d) Loan from parent			
Amount payable to JMMB Investments Limited (Trinidad and Tobago) Limited: Principal - US$500,000 at a rate 1% due and payable on June 9, 2022. Principal - TT$25,000,000 at a rate 3.3% due and payable July 17, 2023.		28,353,250	-
(e) Other transactions with related parties			
Expenses reimbursed from related parties	(1)	1,327,290	1,300,378
Market value of equity trades for related parties	(2)	43,788,343	33,081,868
Guarantee –letter of credit from affiliated company		7,500,00	7,500,000

(1) Amounts due (to)/from JMMB Bank (T&T) and the parent JMMB Investments (Trinidad and Tobago) Limited arise from intercompany expenses.
(2) Transactions with JMMB Money Market Brokers Limited & JMMB Securities Limited Jamaica arise from trading activities.

For related party transactions, general payables and receivables have no specific condition or terms attached to the transaction.

The Company has determined that there is no Expected Credit Loss (ECL) on related party balances as at 31 March 2022 (31 March 2021: NIL).

17. Financial Risk Management

A financial instrument is any contract that gives rise to a financial asset of one enterprise and financial liability or equity instrument of another enterprise.

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

- Credit Risk
- Settlement Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital.

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Board has delegated responsibilities to various sub committees for the areas of Market Risk Management, Audit and Compliance and Enterprise Risk Management. These Board sub committees currently employ an integrated Enterprise Risk Management Framework supported by several Management Committees in order to ensure the maximization of shareholders' value within the Company's risk appetite.

The Company's Asset and Liability Committee (ALCO) is responsible for the development and monitoring of the Company's risk management policies, which are approved by the Board of Directors. All Board committees have non-executive members and report regularly to the Board.

The Company's Risk Management policies, establish a framework for identification, analysis and measurement of the risks faced by the Company, setting of appropriate risk limits and controls, as well as the monitoring of risks and adherence to limits through Risk Reports. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to continuously develop a disciplined and constructive control environment, in which all team members understand their roles and obligations.

The Company's Board of Directors and Board Audit and Compliance Committee are responsible for monitoring compliance with the Company's Risk Management policies and procedures and for reviewing the adequacy of the Risk Management Framework in relation to the risks faced by the Company in keeping with the risk appetite. The Board Risk Committee of the ultimate parent (JMMB Group Limited), regularly reviews and monitors compliance with the Company's risk management policies.

The Board Audit and Compliance Committee and Board Risk Committee of the ultimate parent is assisted in its oversight role by the Internal Audit Department and the Risk Management and Compliance Units. The Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Board Audit and Compliance Committee. The Risk Management and Compliance Units ensure adherence to internal policies and procedures, and regulatory rules and guidelines.

17. Financial Risk Management (continued)

Impact of Covid-19

The Government of Trinidad and Tobago has lifted most Covid-19 pandemic related restrictions, following several months of gradual easing of restrictions both locally and internationally as the world prepares to return to a level of normalcy in spite of the continued presence of the virus. This has been made possible through the widespread use of vaccines as well as the presence of less severe strains of the virus which helps to develop herd immunity over time. While the virus is likely to be prevalent for the foreseeable future and further waves of infection are likely, the management through large scale lockdowns is a less likely outcome despite being used in some places like China. The accommodative stance taken by local regulators during the height of the pandemic has been reduced and removed in some cases with the large-scale accommodation arrangements that were offered by most financial institutions being reduced significantly.

The Group operates in multiple segments of the local financial sector that are susceptible to the impact of any resurgence in the Covid-19 pandemic. The Group continues to monitor its exposure to systemic risk and has continues to focus on active management of capital, liquidity and operational risks.

There is a framework in place to ensure that the Group is adequately capitalized through the Internal Capital Adequacy Assessment Process (ICAAP) and that there is sufficient liquid assets and ready access to financing to support business operations and growth. Furthermore, the Group has developed contingency plans to ensure that the impact of any unforeseen events is manageable and to facilitate timely responses. The Group maintains its Business Continuity Plan (BCP) to ensure that our clients, team members and other key stakeholders remain safe and that the Group is prepared for any eventuality.

Despite the gradual reduction of the impact of the pandemic and reopening of the economy, management has adopted several measures specifically around financial risk management. These measures include the following:

(i) Enhanced monitoring of market movements by the Risk Unit and the impact on the credit and investment portfolios and the resulting impact on capital and liquidity to support timely decision making.

(ii) Ensuring that the Group’s recovery plan is kept up to date. The key aspects of the plan include:

- Measures to secure sufficient funding and adequate availability;
- Contingency arrangements that enable continuation of operations as recovery measures are being implemented;
- Actions that can be taken to strengthen the entity’s capital base;
- A clear escalation and decision-making process to ensure that the plan can be executed in a timely manner; and
- Crisis Management and Communication plan to ensure that stakeholders (internal and external) are given timely and appropriate information during any recovery process.

(iii) Keeping close communication with our clients and supporting them through the use of payment accommodations where appropriate as well as restructuring options to provide more appropriate payment arrangements and modification of loan terms and conditions based on clients’ specific situation. Other special arrangements with clients, such as amending their collateral/margin requirements on select products based on their needs continue to be utilized in some cases.

17. Financial Risk Management (continued)

(a) Credit risk

Credit risk is the risk of financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. The Company is exposed to credit risks arising from investments in debt securities unsettled customers' balances and other exposures arising from its trading activities ('trading exposures').

The Company structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to an industry segment.

The COVID-19 pandemic has caused significant market volatility which has increased the Company credit risk. The downgrading of credit ratings and/or outlooks for counterparties has resulted in an increase in credit risk of the investment portfolio.

Management of credit risk

The credit risk on key financial assets are managed as follows:

(i) Investment securities

The Company limits its exposure to credit risk by investing in liquid securities and with counterparties that have high credit quality. As a consequence, management's expectation of default is low. In addition, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Company has documented investment policies which facilitate the management of credit risk on investment securities and resale agreements. The Company's exposure and the credit ratings of its counterparties are continually monitored.

(ii) Cash and cash equivalents

A significant portion of the Company's cash and cash equivalent balances are held with related parties. Any other cash and cash equivalent balances are held in financial institutions which management regards as possessing acceptable credit quality and there is no significant concentration in any particular financial institution. The strength of these financial institutions is continually reviewed.

(iii) Receivables

Exposure to credit risk on receivables is managed through regular analysis of the ability of continuing customers and new customers to meet repayment obligations.

Generally, equity transactions are settled within three business days after the trade date. However, in instances where this is not adhered to by clients, the Trinidad and Tobago Stock Exchange allows for liquidation of the equities by the broker in settlement of the outstanding amounts. In this regard the Company analyses all outstanding amounts in comparison to the market value of equity securities in the particular client's portfolio. The client's payment history, relationship with the Company and the age of the balances are also factors considered in determining the expected credit loss. Full provision is made for any balance where there is potential loss.

17. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.i) Credit risk measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. Refer to Note 27 (a.ii)(4) for more details.

Credit risk grading

The Group uses internal credit risk grading that reflects its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model. In addition, exposure to credit risk is managed in part by obtaining investing in liquid securities with counterparties that have high credit quality.

(a.ii) Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to Note 17.(a.ii)(1) for a description of how the Company determines when a significant increase in credit risk has occurred.

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to Note 17(a.ii)(4) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information. Note 17(a.ii)(5) includes an explanation of how the Company has incorporated this in its ECL models.

- Purchased or originated credit-impaired financial assets are those financial assets that are credit- impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

17. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii) Expected credit loss measurement (continued)

(a.ii)(1) Significant increase in credit risk (SICR) (continued)

The Company considers a financial instrument to have experienced a significant increase in credit risk based on the following criteria:

The Company considers that there is a significant increase in credit risk for its investment portfolio when there is a decrease in credit rating as follows a three-notch downgrade from investment grade to non-investment grade (below BBB-); a two-notch downgrade within or outside the BB/B bucket or a one-notch downgrade within or outside the B-, CCC, CC and C buckets.

Financial instruments for which it is determined that there is a significant increase in credit risk are transferred from Stage 1 to Stage 2 and impairment loss is measured based on lifetime expected credit loss.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month

Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Company determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently.

(a.ii)(2) Definition of default

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

- The borrower is more than 90 days past due on its obligation to the Company.
- A decrease in internal rating beyond specific rating thresholds
- The borrower is unlikely to pay its obligation to the Company in full, without recourse by the Company to actions such as realizing security. This may arise from instances such as bankruptcy, long-term forbearance, insolvency, breach of financial covenants, death and restructuring.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

17. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii) Expected credit loss measurement (continued)

(a.ii)(3) Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

-financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
-debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

(a.ii)(4) Computation of the expected credit loss

The key inputs into the measurement of ECL are the term structure of the following variables:
- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD.

Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next twelve months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation.

During the financial year ended March 2021, the Group clarified its definition of EAD. Specifically, EAD is no longer taken as the gross carrying amount at the time of default. Instead, EAD is computed as the sum of the amount invested, amortized amount and accrued interest to reflect contractual cash flows.

17. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii) Expected credit loss measurement (continued)

(a.ii)(4) Computation of the expected credit loss

Subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an advance or terminate a commitment or guarantee.

The Company employs a simplified scorecard in estimating its forward-looking indicator factors. This model differentiates between sovereign, corporate and retail exposures. A minimum of three leading macroeconomic variables are used for each asset class.

There were no other significant changes in estimation techniques or significant assumptions made during the reporting period.

(a.ii)(5) Incorporation of forward-looking information

The Company incorporates forward-looking information into the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of the expected credit losses (ECL).

The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing a trend analysis and compared historical information with forecast macro-economic data to determine whether the indicator describes a very positive, positive, stable, negative or very negative trend and to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

The Company formulates three scenarios: a base case, which is the median scenario and assigned a 75% probability of occurring and two less likely scenarios; being best, assigned a rating of 10% and worst, assigned a rating of 15%. The base case is aligned with information used by the Company for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecast published by government bodies, monetary bodies and supranational organisations such as International Monetary Fund.

The scenario weightings are determined by a combination of statistical analysis and expert credit judgement.

17. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii) Expected credit loss measurement (continued)

(a.ii)(5) Incorporation of forward-looking information

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments, and using the scorecard approach has estimated relationships between macro-economic variables and credit risk and credit losses. The Company has assessed that the key drivers of its sovereign portfolio are debt to GDP ratio, current account to GDP ratio and net international reserves with weightings of 30%, 20% and 50% respectively. The drivers for the corporate portfolio are debt to GDP ratio, annual inflation rate and GDP annual growth rate with weightings of 10%, 30% and 60% respectively.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis

The assumptions underlying the ECL calculation such as how the maturity profile of the PDs collateral values change are monitored and reviewed on a quarterly basis.

17. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iii) Maximum exposure to credit risk

Financial instruments not subject to impairment

The following table contains an analysis of the maximum exposure from financial assets not subject to impairment under IFRS 9 (e.g. FVTPL):

	2022	2021
	$	$
Financial assets designated at fair value through profit and loss (FVTPL)-equities	27,033,455	3,042,820
Financial assets at fair value through other comprehensive income (FVOCI)-equities	7,594,700	7,926,043
	34,628,155	10,968,863

Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Company's maximum exposure to credit risk on these assets.

Receivables

	2022 ECL Staging				
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	2021 Total
	$	$	$	$	$
Standard monitoring	10,842,811	-	-	10,842,811	5,987,829
Watch listed	-	449,062	-	449,062	267,107
Gross carrying amount	10,842,811	449,062	-	11,291,873	6,254,936
Expected credit Loss	-	(449,062)	-	(449,062)	(267,107)
Carrying amount	10,842,811	-	-	10,842,811	5,987,829

The Company has determined there is no expected credit loss on other financial assets, such as cash and cash equivalents, broker balances, sundry debtors and related party balances due to the short maturities and the financial strength of the various entities as evidenced by the credit ratings.

17. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Collateral and other credit enhancements

The Company employs a range of policies and practices to mitigate credit risk. The most common of these is the market value of the securities purchased for client's portfolio. The fair value of shares held in the client portfolio is represented by the maximum amounts recorded on the financial statements.

(a.v) Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

17. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.v) Loss allowance

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$	$	$	$
Receivables				
Loss allowance at 1 April, 2021	-	267,107	-	267,107
Movements with P&L impact				
- Transfer from Stage1 to Stage 2				
- Transfer from Stage1 to Stage 3				
- Transfer from Stage 2 to Stage 1				
- New financial assets recognized during the year	-	181,955	-	181,955
Total net P&L charge during the period	-	181,955	-	181,955
Loss allowance at 31 March, 2022	**-**	499,062	-	499,062

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$	$	$	$
Receivables				
Loss allowance at 1 April, 2020	-	177,210	-	177,210
Movements with P&L impact				
- Transfer from Stage1 to Stage 2	-	-	-	-
- Transfer from Stage1 to Stage 3	-	-	-	-
- Transfer from Stage 2 to Stage 1	-	-	-	-
- New financial assets recognized during the year	-	89,897	-	89,897
Total net P&L charge during the period	-	89,897	-	89,897
Loss allowance at 31 March, 2021	-	267,107	-	267,107

17. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.v) Loss allowance

The following table further explains changes in the carrying amount of the client receivables portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$	$	$	$
Receivables				
Gross carrying amount at 1 April, 2021	5,987,829	267,107	-	6,254,936
Movements with P&L impact				
- Transfer from Stage1 to Stage 2				
- Transfer from Stage1 to Stage 3				
- Transfer from Stage 2 to Stage 1				
- New financial assets recognized during the year	4,854,982	181,955	-	5,036,937
Gross carrying amount at 31 March, 2022	10,842,811	499,062	-	11,291,873

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$	$	$	$
Receivables				
Gross carrying amount at 1 April, 2020	5,112,168	177,210	-	5,289,378
Movements with P&L impact				
- Transfer from Stage1 to Stage 2	-	-	-	-
- Transfer from Stage1 to Stage 3	-	-	-	-
- Transfer from Stage 2 to Stage 1	-	-	-	-
- New financial assets recognized during the year	875,661	89,897	-	965,558
Gross carrying amount at 31 March, 2021	5,987,829	267,107	-	6,254,936

17. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.vi) Write-off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Company may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended March 31, 2022 was $1,549 (2021: $716).

The Company still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

(a.vii) Concentration of credit risk

Concentration by location for investment securities is measured based on the location of the issuer of the security.

The Company monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

	Investment Securities	
	2022	**2021**
	$'000	**$'000**
Gross amount		
Concentration by sector		
Corporate	32,623,155	10,968,863
Bank	2,005,000	-
	34,628,155	10,968,863

	2022	**2021**
	$'000	**$'000**
Concentration by location		
Trinidad	32,111,712	10,753,105
Regional	393,315	215,758
Foreign	2,123,128	-
	34,628,155	10,968,863

17. Financial Risk Management (continued)

(b) Settlement risk

The Company's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed.

Settlement limits form part of the credit approval/limit monitoring process. Acceptance of settlement risk on trades requires transaction specific or counterparty specific approvals from the Risk Management Unit.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and/or to replace funds when they are withdrawn or matured. Liquidity risk arises from the fluctuations in cash flows.

Management of liquidity risk

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 reputation. The daily liquidity position is monitored by the Trading/ Treasury Team and Risk Unit. Weekly reports cover the liquidity position of the Company based on upcoming obligations and projected cash flow gaps is prepared by the Risk Management Unit. A summary report is submitted regularly to the Asset and Liability Committee (ALCO) with any exceptions and remedial action taken, and also being submitted to the Board Risk Committee of the ultimate parent for review and monitoring.

There was no change in the Company's approach to managing its liquidity risk during the year. All financial liabilities are current and less than three months old and are payable upon demand.

The impact of Covid-19 has resulted in unprecedented market conditions with respect to asset and liability management. Against this backdrop, the Company continues to robustly manage our liquidity planning in keeping with our regulatory and internal obligations and have applied enhanced risk controls including stress testing, monitoring liquidity coverage and net stable funding ratios.

(d) Market risk

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

Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

The Board reviews and approves the risk policies recommended by management. Overall management of market risk is vested in the Asset Liability Committee (ALCO). The Group's Risk Unit is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

The Covid-19 pandemic and more recently the Russia/Ukraine Crisis has caused significant market volatility which has increased the Company's market risk. The downgrading of credit rating and/or outlook for investment securities has resulted in increased trading and liquidity risk.

17. Financial Risk Management (continued)

(d) Market risk (continued)

Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is primarily exposed to such risk arising from its United States dollar transactions and its United States denominated assets and liabilities.

There was no change in the Company's approach to managing its foreign currency risk during the year.

As of March 31, 2022, the Company's net exposure to foreign exchange risk was as follows:

	TTD	US	CAD	JMD	Total
	$	$	$	$	$
Financial Assets					
Cash and cash equivalents	45,973,622	3,676,914	126,457	-	49,776,993
Investment Securities	32,111,713	2,123,128	-	393,314	34,628,155
Receivables and prepayments	16,754,815	-	-	-	16,754,815
Total financial assets	94,840,150	5,800,042	126,457	393,314	101,159,963
Financial Liabilities					
Accounts payables	47,077,882	2,702,355	-	-	49,780,237
Loan from parent	25,000,000	3,353,250	-	-	28,353,250
Total financial liabilities	72,077,882	6,055,605	-	-	78,133,487
Net position	22,762,268	(255,563)	126,457	393,314	23,026,476

17. Financial Risk Management (continued)

(d) Market risk (continued)

Foreign Currency risk (continued)

As of March 31, 2021, the Company's net exposure to foreign exchange risk was as follows:

	TTD	US	CAD	JMD	Total
	$	$	$	$	$
Financial Assets					
Cash and cash equivalents	19,394,679	2,546,508	106,480	-	22,047,667
Investment Securities	10,753,105	-	-	215,758	10,968,863
Receivables and prepayments	8,886,438	-	-	-	8,886,438
Total financial assets	39,034,222	2,546,508	106,480	215,758	41,902,968
Financial Liabilities					
Accounts payables	17,795,015	2,020,775	-	4,018,693	23,834,483
Total financial liabilities	17,795,015	2,020,775	-	4,018,693	23,834,483
Net position	21,239,207	525,733	106,480	(3,802,935)	18,068,485

Sensitivity to exchange rate movements

The table below summarises the Company's sensitivity to a reasonable change in the US Dollar, Canadian Dollar and Jamaican Dollar with all other variables held constant on net profit.

	US	CAD	JMD	Total
	$	$	$	$
As at March 31, 2022				
Change in currency rate -1%				
Effect on profit	(2,556)	1,265	3,933	2,642
As at March 31, 2021				
Change in currency rate -1%				
Effect on profit	5,257	1,065	(38,029)	(31,707)

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the operation to cash flow interest risk, whereas fixed interest rate instruments expose the operation to fair value interest risk.

Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing gaps. The ALCO is the monitoring body for compliance with these limits and is assisted by the Risk Unit in its day-to-day monitoring activities.

There was no change in the Company's approach to managing its interest rate risk during the year.

The following table summarises the carrying amounts of assets, liabilities and equity to arrive at the interest rate gap, based on the earlier of contractual repricing and maturity dates.

17. Financial Risk Management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

	Up to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
	$	$	$	$	$
31 March 2022					
Financial assets					
Cash and cash equivalents	49,776,993	-	-	-	49,776,993
Investment securities	-	-	-	34,628,155	34,628,155
Due from related parties	-	-	-	3,293,162	3,293,162
Receivables and Prepayment	-	-	-	13,461,652	13,461,652
Total financial assets	49,776,993	-	-	51,382,969	101,159,962
Financial liabilities					
Due to related parties	-	-	-	17,473,187	17,473,187
Accounts payable	-	-		32,307,050	32,307,050
Loan from parent	3,353,250	25,000,000	-	-	28,353,250
Total financial liabilities	3,353,250	25,000,000		49,780,237	78,133,487
Total interest rate sensitivity gap	46,423,743	(25,000,000)	-	1,602,732	23,026,475

17. Financial Risk Management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

	Up to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
	$	$	$	$	$
March 31, 2021					
Financial Assets					
Cash and cash equivalents	22,047,667	-	-	-	22,047,667
Investment securities	-	-	-	10,968,863	10,968,863
Due from related parties	-	-	-	787,554	787,554
Receivables and prepayments	-		-	8,098,884	8,098,884
Total financial assets	22,047,667	-	-	19,855,301	41,902,968
Financial liabilities					
Due to related parties	-	-	-	4,316,250	4,316,250
Accounts payable	-	-	-	19,518,233	19,518,233
Total financial liabilities	-	-	-	23,834,483	23,834,483
Total interest rate sensitivity gap	22,047,667	-	-	(3,979,182)	18,068,485

Interest sensitivity of financial assets and financial liabilities

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company profit or loss or equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net profit based on floating rate financial assets and revaluing fixed rate financial assets at FVOCI for the effects of the assumed changes in interest rates. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in a variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	2022	2021
	$	$
Effect on Profit and Loss		
Change in basis points +100	(230,265)	(180,685)
-100	230,265	180,685

17. Financial Risk Management (continued)

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Company's reputation against the need to strive towards the achievement of our strategic objectives. This is accomplished through the establishment of the appropriate Operational Risk Management Framework, based on our risk profile and the strategy of the Company and wider Group.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk across the various functional areas in the Company.

(i) Cyber Risk and IT Governance Security

A significant component of operational risk that has become increasingly prevalent in the business environment and that affects the operations of the Company, is technology and information security risk.

The Company acknowledges that the constantly evolving nature of technology and its importance in the conduct of financial transactions globally, have increased the risk of attacks on the networks and systems that support electronic and digital information and transactions flow. The impact of any such attack on the Company's technology and information systems includes, among others, unauthorised access to these systems, loss, misappropriation and destruction of data including that of customers and other stakeholders, critical system unavailability, increased costs of operations, potential fines and penalties for breaches of privacy laws, reputational damage and financial loss.

The Trinidad and Tobago JMMB entities (including the Company) have implemented appropriate processes and controls across all its critical electronic interfaces and touch points to continuously monitor, manage and mitigate the impact of this risk on its networks, systems and other technology infrastructure in order to safeguard its information and other assets and by extension those of its customers and other stakeholders. This is monitored via an IT risk dashboard risk and a Cybersecurity Response Plan is in place to manage a cyber-attacks. This is supported by ongoing updates to its technology infrastructure, system vulnerability assessments, training of its team members and sensitisation of customers and other stakeholders to any new and emerging threats.

17. Financial Risk Management (continued)

(e) Operational risk (continued)

(ii) Business continuity

The Company and wider Group's Business Continuity Plan (BCP) encompasses a defined set of planning, preparatory and related activities which are intended to ensure that the critical business functions will either continue to operate despite serious incidents or disasters that might otherwise have interrupted its operations, or will be recovered to an operational state within a reasonably short period. The oversight of Business Continuity falls largely within the sphere of Risk Management.

The objectives of the Group's BCP are to:

1. Protect human life.
2. Identify processes critical to the operations of the Group and safe guard the Group's assets.
3. Provide tested plans which, when executed, will permit timely and efficient recovery and resumption of the Group's critical business functions.
4. Minimize the inconvenience and potential disruption of service to internal and external customers.
5. Describe the organizational structure necessary for executing the plan.
6. Identify the equipment, procedures and activities for recovery.
7. Ensure that the reputation and financial viability of the Group is maintained at all times.
8. Ensure compliance with regulatory requirements.

The BCP is focused on minimizing the down time and data loss within the thresholds identified by the Group. The plan is meant to minimize the loss to the Group and or negative impact to customer service as a result of serious incidents or disasters that may occur for some time.

Group standards are supported by periodic reviews undertaken by the Internal Audit department.

18. Capital Management

The Company's lead regulator, the Trinidad and Tobago Securities Exchange Commission (TTSEC), monitors the capital requirements for the Company as a whole.

The objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

(i) To comply with the capital requirements set by the regulators of the financial markets where the entities within the Company operate;

(ii) To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders;

(iii) To maintain a strong capital base to support the development of its business;

(iv) To positive impact the capital of its holding company and ultimate parent

Capital adequacy and the use of regulatory capital are monitored monthly by the Company's management based on the guidelines developed by the Trinidad and Tobago Stock Exchange, the Trinidad and Tobago Central Depository and the Company's Risk Management Unit. The required information is filed with the respective Regulatory Authorities at stipulated intervals.

The regulated authorities require each regulated entity to:

(i) Hold the minimum level of the regulatory capital; and

(ii) Maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

The Rules of the Trinidad and Tobago Securities Exchange Commission states that the minimum capital requirement is $6 million. The Company was in compliance with requirements throughout the year.

19. Fair Value of Financial Instruments

The fair value of financial instruments that are recognised on the statement of financial position and the fair value of financial instruments that are not recognised on the statement of financial position are based on the valuation methods and assumptions set out in the significant accounting policies (Note 20).

(a) Valuation models

The Company's accounting policies on measurement and disclosure require the measurement of fair values for financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value of an asset or liability, where a quoted market price is available, fair value is computed by the Company using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques, making use of available input data; the Company uses observable data as far as possible. Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

Level 1 refers to financial assets and financial liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 refers to financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3 refers to financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(b) Financial instruments measured at fair value- fair value hierarchy

The following table shows the classification of financial assets and financial liabilities and their carrying amounts. Where the carrying amounts are measured at fair value, their levels in the fair value hierarchy are also shown. Where the carrying amounts are not measured at fair value, and those carrying amounts are a reasonable approximation of fair value, fair value information (including amounts, and levels in the fair value hierarchy) is not disclosed.

19. Fair Value of Financial Instruments (continued)

(b) Accounting classifications and fair values (continued)

	2022							
	Fair Value							
	Amortized Cost	Investments at FVOCI	At fair value through Profit and Loss	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Quoted equity	-	675,932	27,033,455	27,709,387	27,709,387	-	-	27,709,387
Unquoted equities	-	6,918,768	-	6,918,768	-	-	6,918,768	**6,918,768**
	-	**7,594,700**	**27,033,455**	**34,628,155**	**27,709,387**	**-**	**6,918,768**	**34,628,155**
Financial assets not measured at fair value								
Cash and cash equivalents	49,776,993	-	-	49,776,993				
Receivables and prepayments	16,754,814	-	-	16,754,814				
	66,531,807	**-**	**-**	**66,531,807**				
Financial liabilities not measured at fair value								
Loan from parent	28,353,250	-	-	28,353,250				
Accounts payable	49,780,237	-	-	49,780,237				
	78,133,487	**-**	**-**	**78,133,487**				

19. Fair Value of Financial Instruments (continued)

(b) Accounting classifications and fair values (continued)

	2021							
	Fair Value							
	Amortized Cost	**Investments at FVOCI**	**At fair value through Profit and Loss**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value								
Quoted equity	-	552,427	3,042,820	3,595,247	3,595,247	-	-	3,595,247
Unquoted equities	-	7,373,616	-	7,373,616	-	-	7,373,616	7,373,616
	-	**7,926,043**	**3,042,820**	**10,968,863**	**3,595,247**	-	**7,373,616**	**10,968,863**
Financial assets not measured at fair value								
Cash and cash equivalents	22,047,667	-	-	22,047,667				
Receivables and prepayments	8,886,438	-	-	8,886.438				
	30,934,105	**-**	**-**	**30,934,105**				
Financial liabilities not measured at fair value								
Accounts payable	23,834,483	-	-	23,834,483				
	23,834,483	-	**-**	**23,834,483**				

19. Fair Value of Financial Instruments (continued)

(b) Accounting classifications and fair values (continued)

There were no movements between classes during the financial year.

The following table presents the changes in Level 3 instruments for the year ended 31 March 2022.

	Total
	$
Opening balance	7,373,616
Total gains in OCI	(454,848)
Closing balance	6,918,768

The following table presents the changes in Level 3 instruments for the year ended 31 March 2021.

	Total
	$
Opening balance	7,142,880
Total gains in OCI	230,736
Closing balance	7,373,616

19. Fair Value of Financial Instruments (continued)

(c) Valuation techniques for investment securities classified as Level 2

The following table shows the valuation techniques used in measuring the fair value of financial assets.

The following methods and assumptions have been used to estimate fair values:

	Financial Instrument	Fair value estimation technique
(i)	Non-Trinidad and Tobago sovereign bonds and corporate bonds	Estimated using bid-prices published by major overseas brokers
(ii)	Government of Trinidad and Tobago securities	Estimated using bid-prices published by major overseas brokers.

(d) Valuation techniques for investments securities classified as Level 3

The following table set out information about unobservable inputs used at year end in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type of Financial Instrument	Fair Values at March 31, 2022 $'000	Valuation Technique	Significant Unobservable Input	Range	Weighted average
Equities ***Equities***	6,918,768 (2021:$7,373,616)	Discounted Cash Flow	Revenue Growth Margin assumptions Cost of equity Capex assumptions Volatility of earnings	5% above and below	62.67 per share

Significant unobservable inputs are developed as follows:

1) The ranges of values shown in the above table represent the highest and lowest levels used in the valuation of the Company's Level 3 financial instruments as March 31, 2021. The ranges of values used are reflective of the underlying characteristics of these Level 3 financial instruments based on the market conditions at the balance sheet date. However, these ranges of values may not represent the uncertainty in fair value measurements of the Company's Level 3 financial instruments.
2) Weighted average has been calculated by weighting inputs by the relative fair value.

(e) Fair value measurement

The following methods and assumptions have been used to estimate fair values:

	Financial Instrument	Fair value estimation technique
(i)	Cash and cash equivalents, other receivables, accounts payable, and repurchase agreements	Considered to approximate their carrying values, due to their short-term nature
(ii)	Quoted equities	Quoted market bid prices.

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20. Guarantee

The Company has an open ended Standby Letter of Credit in favour of Trinidad and Tobago Central Depository Limited (TTCD) for $7,500,000 which is secured by a letter of undertaking. The Letter of Credit is dated 4 June 2021 and is due to expire on 4 June 2022. This guarantee protects the TTCD against credit risk arising from trading activities of the Company.

21. Significant Accounting Policies

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

(a) Financial instruments

(1) The Company's financial instruments fall under the following categories:

(a) Cash and cash equivalents

Cash comprises cash in hand, demand and call deposits with banks and very short-term balances with broker/dealers. Cash equivalents are short-term, highly liquid financial instruments that are less than 90 days from the date of acquisition, readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are carried at amortised costs in the statement of financial position.

(b) Receivables

Receivables are recognised on trade date, that is, the date the transactions are contracted with counterparties. Receivables are measured at amortised cost less impairment. The expected credit loss impairment is determined as outlined in Note 17 (a.ii).

(c) Investment Securities

The Company's investment securities include both debt and equity instruments. These instruments are classified and measured according to the business model for managing each asset as well as based on the cashflow characteristics of each instrument as detailed below.

(d) Accounts payable

Accounts payable are recognised on trade date, that is, the date the transactions are contracted with counterparties and are measured at amortised cost.

(e) Share capital

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Common shares and 6% non-cumulative preference shares with discretionary dividends are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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21. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(2) Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired (‘POCI’) financial assets - assets that are credit-impaired at initial recognition - the Company calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Presentation

Interest income calculated using effective interest method presented in the statement of profit or loss and OCI includes:

- Interest on financial assets and financial liabilities measured at amortised cost;
- Interest on debt instruments measured at FVOCI

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets (i.e. Level 2). The movement in the market value is recognized in the profit and loss.

21. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(i) Financial assets

Classification and subsequent measurement

The Company applies IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments (continued)

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:
I. the Company's business model for managing the asset; and
II. the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 17 (a.ii)(4). Interest income from these financial assets is included in interest income using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Gains on securities trading'. Interest income from these financial assets is included in Interest income using the effective interest rate method.

21. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(i) Financial assets (continued)

Classification and subsequent measurement (continued)

The classification requirements for debt and equity instruments are described below: (continued)

Debt instruments (continued)

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within ‘gain/loss on financial assets at FVTPL’ in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in ‘gains on securities trading’. Interest income from these financial assets is included in interest income using the effective interest rate method.

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

Factors considered by the Company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. An example is the liquidity portfolio of assets, which is held by the Company as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the ‘other’ business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments’ cash flows represent solely payments of principal and interest (the ‘SPPI test’). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

21. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(i) **Financial assets** (continued)

Classification and subsequent measurement (continued)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Company subsequently measures all equity investments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in the gains and losses on financial assets at fair value through profit and loss on the income line in the statement of profit or loss.

(ii) Impairment

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and accounts receivables. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 17 (a.ii)(4) provides more detail of how the expected credit loss allowance is measured.

(iii) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

21. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Derecognition other than on a modification (continued)

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Company:

(i) Has no obligation to make payments unless it collects equivalent amounts from the asset
(ii) Is prohibited from selling or pledging the assets; and
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Company under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Company retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Company retains a subordinated residual interest.

(iv) Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

21. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(iv) Financial liabilities (continued)

(ii) Derecognition (continued)

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(b) Revenue recognition

Revenue is income that arises in the course of the ordinary activities of the Company, and is accounted for as follows:

(i) Interest income

Interest income is recognised on the accruals basis in profit or loss for all interest bearing instruments using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investment and trading securities as well as accrued discount and premium on treasury bills and other instruments.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(ii) Net commissions on equity trading/brokerage

Unless included in the effective interest calculation in accordance with IFRS 9, the majority of the Company's fees are transactional in nature and are recognised on an accrual basis as the service is provided. Commissions and fees not integral to the effective interest arising from negotiating or participating in negotiation of a transaction for a third party are recognised on the completion of the underlying transaction.

(iii) Net income from financial instruments at FVTPL

Net income from financial instruments at FVTPL represents both realised gains and losses on the sale of these instruments as well as fair value changes arising from subsequent measurement. These are recognised profit or loss on trade date or valuation date as applicable.

(iii) Dividends

Dividend income is recognized when the right to receive payment is irrevocably established. Usually this is the ex-dividend date for quoted equity securities and are reflected in other income.

21. Significant Accounting Policies (continued)

(c) Taxation

Taxation expense in the profit and loss account comprises current and deferred income tax.

Current tax charges are based on taxable profits for the period, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's liability for current tax is calculated at tax rates that have been enacted at the date of the statement of financial position.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Current and deferred taxes are recognised in profit or loss, except where they relate to items recorded in other comprehensive income, in which case they are also recognised in other comprehensive income.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same fiscal authority on either the taxable entity or a different taxable entity where there is an intention to settle the balances on the net basis.

(d) Furniture and equipment

Furniture and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Furniture and equipment are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rate is as follows:

- Computer equipment 25%
- Furniture and fixtures 10%
- Office Equipment 15%

The depreciation method, useful lives and residual values are reassessed at each reporting date.

21. Significant Accounting Policies (continued)

(e) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right of use asset reflects that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of Furniture and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

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

21. Significant Accounting Policies (continued)

(e) Leases (continued)

(i) As a lessee (continued)

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

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

The Company presents right of use assets that do not meet the definition of investment property in 'property, furniture and equipment' and lease liabilities in the statement of financial position.

(ii) Short-term leases and leases of low-value assets

The Company has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases, including IT and office equipment and property rental. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(f) Foreign currency

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in profit or loss (applicable for trading securities), or within other comprehensive income.

(g) Right of set-off

Financial assets and financial liabilities are offset and the net amount presented on the statement of financial position when, and only when the Company has a legally enforceable right to set off the amounts. In the case of client balances, once these are held in separately named client accounts there is no legal right of set off in accordance with the rules of the Trinidad and Tobago Stock Exchange as each account is managed separately.

(h) Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Company operates a defined contribution pension plan (the Plan) which covers all employees. The Company's contribution expense in relation to this Plan for the year amounted to $50,782 (2021: $22,225).

21. Significant Accounting Policies (continued)

(i) New, revised and amended standards and interpretations that became effective during the year

Certain new and amended standards came into effect during the current financial year. The Company has assessed them and has adopted those which are relevant to its financial statements:

- Amendments to IFRS 16 Leases is effective for annual periods beginning on or after June 1, 2020, with early application permitted. It provides guidance for COVID-19 related rent concessions.

  The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss.

  The practical expedient will only apply if:

  - the revised consideration is substantially the same or less than the original consideration
  - the reduction in lease payments relates to payments due on or before 30 June 2021; and
  - no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose:

  - that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
  - the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

  No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

  The Company does not expect the amendment to have a significant impact on its financial statements.

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance contracts and IFRS 16 Leases, is effective for annual accounting periods beginning on or after January 1, 2021, and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis. A similar practical expedient will apply under IFRS 16 Leases for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revise discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

  The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

  The Company does not expect the amendment to have a significant impact on its financial statements.

21. **Significant Accounting Policies** (continued)

(j) New standards, amendments and interpretations not yet effective

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Company has not early-adopted. The Company has assessed them with respect to its operations and has determined that the following are relevant:

- Amendments to IAS 37 Provision, Contingent Liabilities and Contingent Assets is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, furniture and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

  The Company does not expect the amendment to have a significant impact on its financial statements.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, IAS 41 Agriculture, and are effective for annual periods beginning on or after January 1, 2022.

  IFRS 9 Financial Instruments amendment clarifies that for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  IFRS 16 Leases amendment removes the illustration of payments from the lessor relating to leasehold improvements.

  The Company does not expect the amendment to have a significant impact on its financial statements.

- Amendments to IAS 1 Presentation of Financial Statements, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

21. Significant Accounting Policies (continued)

(j) New standards, amendments and interpretations not yet effective (continued)

With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

The Company does not expect the amendment to have a significant impact on its financial statements.

- Amendments to IFRS 16 Leases are effective for annual periods beginning on or after April 1, 2021, early adoption is permitted. The amendments extend the practical expedient by 12 months – i.e. allowing lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

  The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings. The disclosure requirements of Paragraph 28(f) of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors do not apply on initial application.

  The Company is assessing the impact that the amendment will have on its financial statements.

- Amendments to IAS 1 Presentation of Financial Statements are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

  The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments are consistent with the refined definition of material:

  "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

  The Company is assessing the impact that the amendment will have on its financial statements.

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

21. Significant Accounting Policies (continued)

(j) New standards, amendments and interpretations not yet effective (continued)

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: (continued)

  Developing an accounting estimate includes both:
  - selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
  - choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

  The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

  The Company is assessing the impact that the amendment will have on its financial statements.

x) Amendments to IAS 12 Income Taxes are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Company is assessing the impact that the amendment will have on its financial statements.

22. Events after the Reporting Date

There are no events occurring after the reporting date and before the date of approval of the financial statements by the Board of Directors that require adjustment to or disclosure in these financial statements.

23. Ukraine Russia tensions

The Group has evaluated events occurring after 31st March, 2022 in order to assess and determine the need for potential recognition or disclosure in these financial statements. Such events were evaluated through to, the date these financial statements were available to be issued.

Based upon this evaluation, the Group has determined the following subsequent event requires disclosure:

- The recent action of Russian military forces and support personnel in Ukraine has escalated tensions between Russia and the U.S., NATO, the EU and the U.K. Certain jurisdictions have imposed, and are likely to impose material additional, financial and economic sanctions and export controls against certain Russian entities and/or individuals.

- Commencing from the week of February 21, 2022, the U.S., the U.K., and the EU each imposed packages of financial and economic sanctions that, in various ways, constrain transactions with numerous Russian entities and individuals; transactions in Russian sovereign debt; and investment, trade, and financing to, from, or in certain regions of Ukraine.

- While the Group does not have direct exposures in Russia or Ukraine, it continues to monitor the potential indirect macroeconomic and financial market impacts from the tensions and conflict in order to mitigate its exposures and risks.

24. Climate Related Risks

Climate change presents immediate and long-term risks to the Group and its clients with the risks expected to increase over time. Climate change risk refers to the risk of loss arising from climate change and is comprised of both physical risk and transition risk. Physical risk considers how chronic and acute climate change (e.g. increased storms, drought, fires, floods) can directly damage physical assets or otherwise impact their value or productivity.

Transition risk considers how changes in policy, technology, business practices and market preferences to address climate change can lead to changes in the value of assets. Climate change risk is an overarching risk that can act as a driver of other categories of risk, such as credit risk from obligors exposed to high climate risk, reputational risk from increased stakeholder concerns about financing high carbon industries and operational risk from physical climate risks to the Company’s facilities.

The Group currently identifies climate change risk as an emerging risk within its enterprise risk management framework. Emerging risks are risks or thematic issues that are either new to the landscape, or in the case of climate risk, existing risks that are rapidly changing or evolving in an escalating fashion, which are difficult to assess due to limited data or other uncertainties.

Over the last fiscal year, the JMMB Group has made further progress in developing a comprehensive environmental and social policy geared at enhancing and complementing our existing lending policies, guidelines and business practices to better manage sustainability challenges and promote responsible growth across our core business lines. This will be cascaded throughout the Group in the upcoming fiscal year. Climate risk is a new and emerging area and will also be assessed in more detail in the upcoming year.

24. Climate Related Risks (continued)

While there is no formal climate related policy in place the Company ensures that there are mitigants in place for climate related events such as insurance for its physical assets as well as assets held as collateral for loan facilities. There is also a BCP in place to ensure that the Group can operate in situations where climate related disruptions to business may occur. The Group recognizes the growing importance of this area and will be exploring methodologies for identifying and quantifying how climate risks could impact the Group and the individual credit profiles of its clients across various sectors. This will not only help the Group better understand its clients' businesses and climate-related risks, but will also eventually be a source of climate data. With this said, we acknowledge that we are in the very early stages of developing this framework.

GLOSSARY

IFRS	International Financial Reporting Standards	Standardized accounting standards across international boundaries
IASB	International Accounting Standards Board	Independent account standard-setting body of the IFRS Foundation
FVOCI	Fair value through other comprehensive income	Comprising items of income and expense that are not recognised in profit or loss
FVTPL	Fair value through profit or loss	Comprising items of income and expense that are recognised in profit or loss
ECL	Expected Credit Losses	Measurement of expected credit losses that result from default of financial assets e.g. loans and investments
SICR	Significant increase in credit risk	Significant change in estimated default risk
PD	Probability of default	The likelihood of failure by borrower to repay debt
EAD	Exposure at default	The total value a bank is exposed to when a counterparty defaults
IG	Investment grade	A level of credit rating for counterparties and issues regarded as carrying a minimal risk to investors
LGD	Loss given default	The loss incurred by a financial institution when a borrower defaults on a loan
Bp	Basis point	Used in expressing differences of interest rates
BCP	Business continuity plan	Process involved in creating a system of prevention and recovery from potential threats to a company
POCI	Purchased or originated credit-impaired	Assets that are credit impaired at initial recognition/purchase
SPPI	Solely payments of principal and interest	Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payments of principal and interest
ROU	Right of Use Asset	The lessees right to use an asset over the life of a lease
-	Standard Monitoring	This classification applies to financial assets that are current and whose original source of repayment is adequate. It has adequate collateral support and does not carry more than a normal risk of loss.
-	Watch listed	This classification applies to financial assets that are of acceptable quality. However, due to particular weaknesses, it requires more than usual management attention to prevent deterioration.