JMMB Securities (T&T) Limited

Financial Statements

31 March 2020

JMMB Securities (T&T) Limited

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31 March 2020

Statement of Management 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, 2020, profit and loss account, the statements of profit or loss and other comprehensive income, changes in equity 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.

Ronald Carter	Naomi Arjoonsingh
Chief Country Officer	Chief Financial Officer
Date: July 17, 2020	Date: July 17, 2020

KPMG
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, 2020, the statements of profit or loss and other comprehensive income, changes in equity 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, 2020, 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.

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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.

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Chartered Accountants
Port of Spain
Trinidad and Tobago
July 17, 2020

JMMB Securities (T&T) Limited
Statement of Profit and Loss
Year ended 31 March 2020
Expressed in Trinidad and Tobago dollars unless otherwise indicated)

	Note	2020 $	2019 $
Net commissions equity trading/brokerage		3,985,979	4,868,211
Interest income		77,879	4,214
Gains on Securities trading		773,022	145,786
Unrealized loss on financial assets at fair value through profit or loss (FVTPL)		(281,860)	-
Foreign exchange (loss)/gain		(235,650)	19,613
Operating Revenue		4,319,370	5,037,824
Dividends		25,441	469,325
Other income		-	18,021
		4,344,811	5,525,170
Expenses			
Staff Cost		(730,636)	(603,368)
Other expenses		(1,997,421)	(1,194,936)
Total Operating expenses	5	(2,728,057)	(1,798,304)
Operating profits		1,616,754	3,726,866
Impairment loss on financial assets		26,432	(195,783)
Profit before taxation		1,643,186	3,531,083
Taxation	6	(54,714)	(51,844)
Profit for year		1,588,472	3,479,239

The notes on pages 10 to 57 are an integral part of these financial statements.

JMMB Securities (T&T) Limited
Statement of Profit and Loss
Year ended 31 March 2020
Expressed in Trinidad and Tobago dollars unless otherwise indicated)

	2020	2019
	$	$
Profit for Year	1,588,472	3,479,239
Other Comprehensive Loss		
Item that may be reclassified to profit or loss:		
Net loss on investments in debt instruments measured at FVOCI	-	(714)
Items that will not be reclassified to the profit or loss:		
Net (loss)/gains on investments in equity instruments designated at fair value through other comprehensive income	(2,101,086)	5,788,335
Total Comprehensive Loss for Year	(512,614)	9,266,860

The notes on pages 10 to 57 are an integral part of these financial statements.

JMMB Securities (T&T) Limited
Separate Statement of Financial Position
31 March 2020
(Expressed in Trinidad and Tobago dollars unless otherwise indicated)

	Note	2020 $	2019 $
ASSETS			
Cash and cash equivalents	7	29,364,436	13,321,676
Receivables and prepayments	8	7,543,042	10,305,827
Investment securities	9	8,794,580	10,543,676
Deferred tax asset	11	3,319,759	3,319,759
Total assets		49,021,817	37,490,938
EQUITY AND LIABILITIES			
Equity			
Share capital	12	12,909,798	12,909,798
6% non-cumulative preference shares		2,500,000	2,500,000
Investment revaluation reserve		4,145,975	6,247,061
Retained earnings		(761,255)	(2,349,727)
		18,794,518	19,307,132
Liabilities			
Bank overdraft		-	172,738
Deferred tax liability	11	1,773,079	2,425,715
Accounts payable	13	28,454,220	15,585,353
		30,227,299	18,183,806
Total equity and liabilities		49,021,817	37,490,938

Approved for issue by the Board of Directors on 24th June, 2020 and signed on its behalf by:

Catherine Kumar Director	**Dr. Marlene Attzs** Director

JMMB Securities (T&T) Limited
Separate Statement of Changes in Equity
Year ended 31 March 2020
(Expressed in Trinidad and Tobago dollars unless otherwise indicated)

	Ordinary Share Capital	Preference Shares	Investment Valuation Reserve	Accumulative Deficit	Total Equity
	$	$	$	$	$
Year ended March 31, 2019					
Balance at April 1, 2018	12,909,798	2,500,000	459,440	(5,828,966)	10,040,272
Profit for the year	-	-	-	3,479,239	3,479,239
Other comprehensive income for the year	-	-	5,787,621	-	5,787,621
Balance at March 31, 2019	12,909,798	2,500,000	6,247,061	(2,349,727)	19,307,132
Year ended March 31, 2020					
Balance at April 1, 2019	12,909,798	2,500,000	6,247,061	(2,349,727)	19,307,132
Profit for the year	-	-	-	1,588,472	1,588,472
Other comprehensive income for the year	-	-	(2,101,086)	-	(2,101,086)
Balance at March 31, 2020	12,909,798	2,500,000	4,145,975	(761,255)	18,794,518

The notes on pages 10 to 57 are an integral part of these financial statements.

JMMB Securities (T&T) Limited
Separate Statement of Cash Flows
Year ended 31 March 2020
(Expressed in Trinidad and Tobago dollars unless otherwise indicated)

	Notes	2020	2019
		$	$
Cash Flows from Operating Activities			
Profit after taxation		1,588,472	3,479,239
Adjustments to:			
Gains on Securities trading at fair value through profit and loss		(773,022)	(145,786)
Unrealized loss on financial assets at fair value through profit and loss		281,860	-
Depreciation	4	-	344
Net loss on disposal of plant and equipment		-	2,631
Taxation		54,714	51,844
		1,152,024	3,388,272
Changes in operating assets and liabilities:			
- Receivables and prepayments		2,762,784	(5,177,639)
- Payables and accruals		12,868,869	(539,349)
		16,783,677	(2,328,716)
- Taxes paid		(54,714)	(51,844)
Net cash provided by operating activities		16,728,963	(2,380,560)
Cash Flows from Investing Activities			
Investment Securities - net		(513,465)	128,449
Net cash used in investing activities		(513,465)	128,449
Net increase in cash and cash equivalents		16,215,498	(2,252,111)
Cash and cash equivalents at beginning of year		13,148,938	15,401,049
CASH AND CASH EQUIVALENTS AT END OF YEAR		29,364,436	13,148,938

The notes on pages 10 to 57 are an integral part of these financial statements.

1. Identification and Principal Activity

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.

2. Statement of Compliance and Basis of Preparation

(a) Statement of compliance:

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 notes 19.

(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 (FVOCI).
- financial assets at fair value through other comprehensive income (FVOCI).

(c) Functional and presentation currency:

The financial statements are presented in Trinidad and Tobago dollars, which is the functional currency of the company, and are expressed in thousands of dollars 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.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3.

2. **Statement of Compliance and Basis of Preparation** (continued)

(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 preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

The estimates, and the assumptions and judgements underlying them, are reviewed on an ongoing basis to confirm their continuing appropriateness. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

This note 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.

(a) **Key sources of estimation uncertainty**

(i) Allowance for impairment losses

Measurement of the expected credit loss allowance

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 16.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)

(i) Allowance for impairment losses (continued)

Measurement of the expected credit loss allowance (continued)

Detailed information about the judgements and estimates made by the Company in the above areas is set out in note 16.

(ii) Fair value of financial instruments

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 28. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, particularly due to COVID-19 pricing assumptions and other risks affecting the specific instrument.

(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.

Management is sometimes also required to make critical judgements in applying accounting policies. 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), FVOCI, or amortised costs or 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.

4. Staff Costs

	2020 $	2019 $
Salaries and benefits	609,838	562,224
National insurance	30,212	27,632
Group Insurance	21,533	23,384
Pension Cost	45,700	44,653
Other Staff Benefits	23,353	(54,525)
	730,636	603,368

The number of persons employed at the year-end is 2 (2019: 2).

5. Other Expenses

	2020 $	2019 $
Marketing corporate affairs and donations	258,433	-
Depreciation and amortisation	-	344
Insurance	39,850	38,405
Audit Remuneration	137,261	89,749
Information Technology	93,211	104,853
Legal and Professional	187,524	103,918
Repair and Maintenance	31,348	21,299
Travel and Entertainment	34,555	5,075
Property expenses	675,428	538,330
Security	100,459	102,822
Stationery, printing and postage	77,642	42,576
Utilities	33,717	-
Bank Charges	4,534	4,688
Others	323,459	142,877
	1,997,421	1,194,936

6. Taxation

	2020 $	2019 $
Business levy	35,736	34,282
Green Fund levy	18,978	17,562
	54,714	51,844

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

	2020 $	2019 $
Profit before taxation	1,643,186	3,531,083
Tax calculated at 30%	492,956	1,059,325
Tax loss utilised in current year	(632,477)	(904,482)
Expenses not deductible for tax purposes	171,585	103
Income not subject to tax	(32,064)	(154,946)
Green Fund levy	18,978	17,562
Business levy	35,736	34,282
	54,714	51,844

7. Cash and Cash Equivalents

	2020 $	2019 $
Balances held at related party Financial Institution	26,989,045	9,031,453
Balances held at other banks	2,375,391	4,290,223
Cash at bank	29,364,436	13,321,676

8. Receivables and Prepayments

	2020 $	2019 $
Client balances	5,289,378	4,664,470
Less: Provision for Expected Credit Loss	(177,210)	(203,642)
Client balances – net	5,112,168	4,460,828
Broker balances	766,365	5,065,858
Related Party	819,513	244,259
Sundry debtors and prepayments	844,996	534,882
	7,542,042	10,305,827

As at March 31, 2020 management has determined an expected credit loss of $177,210 (2019: $203,642) on its portfolio of receivables as at year-end.

	2020	2019
	$	$
9. Investments Securities		
Investment securities measured at FVOCI – debt instruments	-	20,620
Investment securities designated as at FVOCI – equity investments	7,750,190	10,523,056
	7,750,190	10,543,676
Investment securities designated as at FVTPL – equity investments	1,044.390	-
	8,794,580	10,543,676
Investment securities		
Beginning of year (2019 restated for IFRS 9)	10,543,676	2,900,061
Additions	5,168,796	2,010,819
Disposals	(4,655,332)	(2,139,267)
Net fair value gains (losses) arising during year	(2,262,560)	7,772,063
End of year	8,794,580	10,543,676

Investment Securities include the following:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
	$	$	$	$
Listed securities				
Equity securities	1,675,902	1,651,700	366,990	612,448
Government bonds	-	-	20,000	20,620
	1,675,902	1,651,700	386,990	633,068
Unlisted securities				
TTSE	1,490,275	7,142,880	1,490,275	9,910,608
	3,166,177	8,794,580	1,877,265	10,543,676

The Company owns a 7.14% shareholding in TTSE. This investment is carried at the fair value of TTSE as at year end.

10. Plant and Equipment

	Office Furniture and Fixtures	Office Equipment	Total
	$	$	$
Year ended March 31, 2019			
Opening net book value	2,906	69	2,975
Disposal	(2,573)	(58)	(2,631)
Depreciation charge	(333)	(11)	(344)
Closing net book value	-	-	-
At March 31, 2019			
Cost	5,731	399	6,130
Accumulated depreciation	(3,158)	(341)	(3,499)
Loss on write off	(2,573)	(58)	(2,631)
Net book value	-	-	-

	2020	2019
	$	$
11. Deferred Tax (Asset) Liability		
The net deferred tax (asset) liability is attributable to the following items;		
Deferred tax liability		
Investment revaluation deficit	1,773,079	2,425,715
	1,773,079	2,425,715
Deferred tax asset		
Tax losses	(3,319,759)	(3,319,759)
Net deferred tax asset	(1,546,680)	(894,044)

A deferred tax asset of $4,914,575 (2019: $5,089,990) in respect of tax losses ($16,381,916) (2019: $16,966,633) has not been recognised fully in the current financial year due to management assessment of expected future profitability. However, management will reassess the non-recognition of the balance of the deferred tax asset for future financial years.

	Balances At 1 April 2019	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Balances at 31 March 2020
	$'000	$'000	$'000	$'000
Deferred income tax assets				
Investments	2,425,715	(652,636)	-	1,773,079
Tax losses	(3,319,759)	-	-	(3,319,759)
	(894,044)	(652,636)	-	(1,546,680)

12. Share Capital

	2020 $	2019 $
Authorised		
An unlimited number of ordinary shares of no par value		
5,000,000 6% non-cumulative preference shares of TT$1.00 each		
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

Ordinary shareholders are entitled to receive notice of and to attend all meetings of the shareholders of the Company and shall have one vote for each ordinary share held at all such meetings, receive dividends as declared from time to time and to receive the remaining property of the Company upon dissolution, liquidation or winding up whether voluntary or involuntary in proportion to the number of shares then held by each of them. In this regard 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.

13. Accounts payables

	2020 $	2019 $
Client balances	10,670,618	6,811,741
Other payables and accruals	6,614,416	673,427
Broker balances	3,004,554	6,708,608
Related Party	8,164,632	1,391,577
	28,454,220	15,585,353

14. Investment Revaluation Reserve

Investment revaluation reserve represents cumulative unrealised gains, net of losses, arising from changes in fair value of investment securities at fair value through other comprehensive income. If these investments are debt securities, fair value gains and losses are recognised in the profit and loss on de-recognition or impairment. The fair value gains or loss on equity instruments classified as FVOCI do not recycle to the profit and loss on de-recognition.

15. Related Party Transactions and Balances

(a) Definition of related party

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

15. Related Parties Transactions (continued)

The following balances/transactions were held/carried out with related parties:

	2020 $	2019 $
(a) Amounts shown in Account Payables		
JMMB Investments (Trinidad & Tobago) Ltd.	1,296,704	437,989
JMMB Bank Trinidad and Tobago Limited	33,661	-
-JMMB Money Market Brokers Limited	3,877,072	570,159
JMMB Securities Limited Jamaica	2,957,195	383,429
Due to related parties	8,164,632	1,391,577
(b) Amount shown in Accounts Receivables		
Due from related parties:		
JMMB Group Limited	255,279	244,259
JMMB SL Jamaica	564,234	-
	819,513	244,259

(c) Bank Balances/Overdraft

	Notes	2020 $	2019 $
Cash		26,989,045	9,031,453
Overdraft		-	(172,738)

	Notes	2020 $	2019 $
(d) Other transactions with Related Party			
Expenses reimbursed from related parties	1	2,872,228	604,849
Expenses recharged to related parties	1	2,052,715	404,351
Market value trade for related parties	2	16,302,747	17,524,132

(1) Amounts due (to)/from JMMB Group Limited arises from intercompany expenses.
(2) JMMB Money Market Brokers Limited & JMMB Securities Limited Jamaica arises from trading activities.

16. Financial Risk Management

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

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

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

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. The Company's Risk Management policies, as approved by the Board, 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's Board of Directors is 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 regularly reviews and monitors compliance with the Company's risk management policies.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit 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 Audit Committee. The Risk Management Unit ensures adherence to internal policies and procedures, and regulatory rules and guidelines.

The Company does not use derivative instruments as part of its overall risk management activities at this time.

Impact of Covid-19

The World Health Organisation declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Trinidad and Tobago declared area national emergency on March 13, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices. In response to the pandemic, the Company has adopted several measures specifically around financial risk management. These measures include:

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

(ii) The Management Credit Committee, Asset and Liability Committees and the Crisis Management and Communication Committee within the Company meet frequently to discuss strategies and plans around managing business continuity as well as the liquidity and the capital needs of the Company.

16. Financial Risk Management (continued)

Impact of Covid-19 (continued)

(iii) Updating of the ECompany's Business Recovery and Response Plan which 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 ECompany's capital base; and
- A clear description of the escalation and decision-making process to ensure that the plan can be executed in a timely manner.
- Communication plan to ensure that stakeholders (internal and external) are given timely and appropriate information during the firm's recovery process.

(a) Credit risk

Credit risk is the risk of suffering 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').

Credit risk, together with market risk (further described below) are the primary risks for the Company's business; management therefore carefully manages its exposure to credit risk. The management and control of credit risk is centralized in a Company Risk management team which reports regularly to the Board of Directors.

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.

16. Financial Risk Management (continued)

(a) Credit risk: (continued)

(a.i) Credit risk measurement

Investment Securities and Accounts/ Other Receivables

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 Company 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 16(a)ii for more details.

For debt securities 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.

(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 16(a)ii 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 16(a)iii 3 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 16(a)ii 4 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).

16. **Financial Risk Management** (continued)

(a) **Credit risk:** (continued)

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

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

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

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

- **Quantitative 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.

Movements (credit rating deteriorations) within the investment grade (IG) classification will not be deemed as a SICR. Based on the internal model developed, the fitted Sovereign PDs for IG ranges from 0.01% to 0.35% and therefore will not be recognized as a significant deterioration in credit quality

- **Qualitative criteria**

  For the investment portfolio, if the counterparty is on the Watchlist and/or the instrument meets one or more of the following criteria:

  - Significant adverse changes in business, financial and/or economic conditions in which the borrower operates. Actual or expected forbearance or restructuring.
  - Actual or expected significant adverse change in operating results of the borrower.

16. **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)

- **Qualitative criteria**

  - Significant change in collateral value (secured facilities only) which is expected to increase risk of default
  - Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information (refer to note 16(a) ii 4 for further information) in relation to investment instruments. Where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Risk team.

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.

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 ECL.

(a.ii)(2) **Definition of default and credit-impaired assets**

The Company defines a financial instrument as in default based on the following criteria:

- Quantitative criteria including overdue status and non-payment of contractual payments and specifically that the counterparty is more than 90 days past due on its contractual payments. Qualitative criteria including if the borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. Examples of these are instances where:

  - The borrower is in long-term forbearance
  - The borrower is deceased

16. Financial Risk Management (continued)

(a) Credit risk: (continued)

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

(a.ii)(2) Definition of default and credit-impaired assets (continued)

- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses

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

An instrument is considered to no longer be in default when it no longer meets any of the default criteria for a consecutive period of six months.

(a.ii)(3) Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

16. Financial Risk Management (continued)

(a) Credit risk: (continued)

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

(a.ii)(3) Measuring ECL - Explanation of inputs, assumptions and estimation techniques (continued)

- Loss Given Default (LGD) (continued)

  The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not been prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

  The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

  The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment instruments, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

  The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to note 19(a.ii)(4) for an explanation of forward-looking information and its inclusion in ECL calculations.

16. **Financial Risk Management** (continued)

(a) **Credit risk:** (continued)

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

(a.ii)(3) **Measuring ECL - Explanation of inputs, assumptions and estimation techniques (Continued)**

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

(a.ii)(4) **Forward-looking information incorporated in the ECL models**

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analyses and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

Given the size of JMMB Company's investment portfolio and the instruments contained within, the approach that management has adopted is a scorecard approach. This approach considers several macroeconomic indicators that are available and uses a duplicable process to apply forward-looking information. The Caribbean faces unique challenges with regard to the availability of data. There are only a few macroeconomic indicators which are updated with timely information and for which forecasts are available and the Company has selected the following indicators:

- Annual inflation rate
- Consumer price index
- Current account to GDP
- Debt to GDP
- GDP annual growth rate
- Interest rates (i.e. Policy rates as issued by central banks)
- Net International Reserves
- Unemployment rate

Management performs a trend analysis and compares the historical information with the available forecasted data to determine whether the indicator represents a very positive, positive, stable, negative, or very negative trend. Each trend (very positive, positive, stable, negative, very negative) has a multiplier attached based on economic evidence of the losses incurred by financial institutions during each trend period. The weightings of the various macroeconomic indicators are determined using management's expert judgement and are multiplied by the applicable multiplier based on the trend of the individual indicator.

Management then determines 3 scenarios as being base, upside, and downside using expert judgment of the overall economic conditions and business environment within the jurisdiction. The base scenario is always given the highest weighting as it is based upon third party forecasted information and is the most likely scenario to occur. The upside and downside scenarios are then weighted accordingly per management's expert judgment.

16. Financial Risk Management (continued)

(a) Credit risk: (continued)

(a.ii)(5) Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Company has considered benchmarking internal/external supplementary data to use for modelling purposes.

(i) Cash and cash equivalents

Cash transactions are limited to high credit quality financial institutions. The Company has policies that limit the amount of credit exposure to any single financial institution.

(ii) Investments and resale agreements

The Company limits its exposure to credit risk from investments made by investing mainly in liquid securities, with counterparties that have high credit quality. As a consequence, management's expectation of defaults is low.

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

(a.iii) (1) Maximum exposure to credit risk – Financial instruments not 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.

	2020	2019
	$	$
Maximum exposure to credit risk		
Financial assets designated at fair value through profit and loss (FVTPL)-equities	1,044,390	-
Financial assets at fair value through Other comprehensive income (FVOCI)-equities	7,750,190	10,523,056
	8,794,580	10,523,056

16. **Financial Risk Management** (continued)

(a) **Credit risk:** (continued)

(a.iii) (1) **Maximum exposure to credit risk** (continued)

Trade Receivables

	2020 ECL Staging				2019
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
	$	$	$	$	$
Standard monitoring	5,112,168	-	-	5,112,168	4,460,828
Watch listed	-	177,210	-	177,210	203,642
Gross carrying amount	5,112,168	177,210	-	5,289,378	4,664,470
Expected Credit Loss	-	177,210	-	177,210	203,642
Carrying amount	5,112,168	-	-	5,112,168	4,460,828

No expected loss calculated on other receivables since amount are settled within 3 working days.

Information on how the Expected Credit Loss (ECL) is measured and how the three stages above are determined is included in note 16.a.ii (3) 'Expected credit loss measurement'.

(a.iv) **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;

16. **Financial Risk Management** (continued)

(a) **Credit risk:** (continued)

(a.iv) **Loss allowance:** (continued)

- 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.

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
	$	$	$	$
Trade receivables				
Loss allowance as at April 1, 2019	-	203,642	-	203,642
Movements with P&L impact				
- Transfer from Stage1 to Stage 2	-	-	-	-
- Transfer from Stage1 to Stage 3	-	-	-	-
- Transfer from Stage 2 to Stage 1	-	-	-	-
- Financial assets derecognized during the period	-	(26,432)	-	(26,432)
Total net P&L charge during the period	-	(26,432)	-	(26,432)
Loss allowance as at March 31, 2020	-	177,210	-	177,210

16. Financial Risk Management (continued)

(a) Credit risk: (continued)

(a.v) 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, 2020 was 36,622 (2019 - $11,583).

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.vi) Modification of financial assets

The financial assets in the Company's investment portfolio may from time to time be subject to modifications.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Company monitors the subsequent performance of modified assets.

The Company may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more. The gross carrying amount of such assets held as at 31 March 2019 was nil.

The Company continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

The following table includes summary information for financial assets with lifetime ECL whose cash flows were modified during the period as part of the Company's restructuring activities and their respective effect on the Company's financial performance:

Modification of financial assets

	Investment Securities
	$
Amortised cost before modification	Nil
Net modification (loss)	

16. Financial Risk Management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financials instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management requires the Company to maintain sufficient cash and marketable securities, monitor future cash flows and liquidity on a daily basis and have funding available through an adequate amount of committed facilities.

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.

(c) Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. 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 Company's exposure to market risks or the manner in which it manages and measures the risk.

The Covid-19 pandemic 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.

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.

16. **Financial Risk Management** (continued)

(c) **Market risk** (continued)

Currency risk (continued)

As of March 31, 2020 the Company's net exposure to foreign exchange risk was as follows:

	TTD	US	CAD	JMD	Total
	$	$	$	$	$
Assets					
Investment Securities	8,556,016	-	-	238,564	8,794,580
Cash and cash equivalents	26,570,600	2,704,620	89,216	-	29,364,436
Total financial assets	35,126,616	2,704,620	89,216	238,564	38,159,016
Liabilities					
Payables and accruals	27,691,366	762,854	-	-	28,454,220
Total financial liabilities	27,691,366	762,854	-	-	28,454,220
Net position	7,435,250	1,941,766	89,216	238,564	9,704,796

As of March 31, 2019 the Company's net exposure to foreign exchange risk was as follows:

	TTD	US	CAD	JMD	Total
	$	$	$	$	$
Assets					
Investment Securities	10,329,697	-	-	213,979	10,543,676
Cash and cash equivalents	8,776,744	4,474,682	70,250	-	13,321,676
Total financial assets	19,106,441	4,474,682	70,250	213,979	23,865,352
Liabilities					
Payables and accruals	13,076,458	2,508,895	-	-	15,585,353
Total financial liabilities	13,076,458	2,508,895	-	-	15,585,353
Net position	6,029,983	1,965,787	70,250	213,979	8,279,999

16. Financial Risk Management (continued)

(c) Market risk (continued)

Currency risk (continued)

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.

	TTD	US	CAD	JMD	Total
	$	$	$	$	$
As at March 31, 2020					
Change in currency rate					
1%	74,353	19,418	892	2,386	97,048
-1%	(74,353)	(19418)	(892)	(2,386)	(97,047)
As at March 31, 2019					
Change in currency rate					
1%	60,300	19,658	703	2,139	82,800
-1%	(60,300)	(19,658)	(703)	(2,139)	(82,800)

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.

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.

16. Financial Risk Management (continued)

(c) Market risk (continued)

Interest rate risk (continued)

	Up to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
	$	$	$	$	$
As at March 31, 2020					
Assets					
Investment Securities	-	-	-	8,794,850	8,794,850
Due from related parties	-	-	-	819,513	819,513
Receivables	-	-	-	6,723,529	6,723,529
Cash and cash equivalents	29,364,436	-	-	-	29,364,436
Total financial assets	29,364,436	-	-	16,337,892	45,702,328
Liabilities					
Due to related parties	-	-		8,164,632	8,164,632
Payables and accruals	-	-		20,289,588	20,289,588
Bank overdraft	-	-			-
Total financial liabilities	-	-		28,454,220	28,454,220
Interest rate Sensitivity gap	29,364,436	-		(12,116,328)	17,248,108

16. Financial Risk Management (continued)

(c) Market risk (continued)

Interest rate risk (continued)

	Up to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
	$	$	$	$	$
As at March 31, 2019					
Assets					
Investment Securities	20,620	-	-	10,523,056	10,543,676
Due from related parties	-	-	-	244,259	244,259
Receivables	-	-	-	10,061,568	10,061,568
Cash and cash equivalents	13,321,676	-	-	-	13,321,676
Total financial assets	13,342,296	-	-	20,828,883	34,171,179
Liabilities					
Due to related parties	-	-	-	1,391,577	1,391,577
Payables and accruals	-	-	-	14,193,776	14,193,776
Bank overdraft	172,738	-	-	-	172,738
Total financial liabilities	172,738	-	-	15,585,353	15,758,091
Interest rate sensitivity gap	13,169,558	-	-	5,243,530	18,413,088

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 and stockholders' 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 available for sale 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.

	2020	2019
	$	$
Effect on equity		
Change in currency rate		
1%	(172,481)	(184,131)
-1%	172,481	184,131

16. Financial Risk Management (continued)

(d) 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; and

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

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.

16. **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 with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

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 Company has 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 it team members and sensitisation of customers and other stakeholders to any new and emerging threats.

Compliance with the Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to senior management and the Audit Committee.

A proactive approach is being taken to manage the risk of COVID-19 in the workspace. The Company triggered, prior to the lockdown, its Pandemic Preparedness and Response Plan which detailed various scenarios and response strategies based on feedback from the BCP Committee / Crisis Management and Communication Team. One of the key measures implemented is the Pandemic Risk Dashboard, which highlights the key risk elements of the plan that are monitored on a weekly basis to ensure that the risks associated with the Pandemic are mitigated. The Company has since documented and communicated to key stakeholders its 'return to work' strategies which includes workplace readiness for re-entry.

17. Fair Value of Financial Instruments

(a) Definition of fair value and fair value hierarchy

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) Accounting classifications and fair values

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.

17. Fair Value of Financial Instruments (continued)

(b) Accounting classifications and fair values (continued)

	2020								
	Carrying Amount					Fair Value			
	Amortized Cost	Investments at FVOCI	Other Financial Liabilities	At fair value through Profit and Loss	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Quoted equity	-	607,310	-	1,044,390	1,651,700	1,651,700	-		1,651,700
Unquoted equities	-	7,142,880	-	-	7,142,880		-	7,142,880	7,142,880
	-	**7,750,190**	**-**	**1,044,390**	**8,794,580**	**1,651,700**	**-**	**7,142,880**	**8,794,580**
Financial assets not measured at fair value									
Cash and cash equivalents	29,364,436	-	-	-	29,364,436				
Accounts receivable	7,543,042	-	-	-	7,543,042				
	36,907,478	**-**	**-**	**-**	**36,907,478**				
Financial liabilities not measured at fair value									
Due to related party	-	-							
Accounts payable	-	-	28,454,22(	-	28,454,220				
	-	**-**	**28,454,22(**	**-**	**28,454,220**				

17. Fair Value of Financial Instruments (continued)

(b) Accounting classifications and fair values (continued)

	2019								
	Carrying Amount					Fair Value			
	Amortized Cost	Investments at FVOCI	Other Financial Liabilities	At fair value through Profit and Loss	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Government of Trinidad and Tobago securities	-	20,620	-	-	20,620	-	20,620	-	20,620
Quoted Equity	-	612,448	-	-	612,448	612,448	-	-	612,448
Unquoted equities	-	9,910,608	-	-	9,910,608	-	-	9,910,608	9,910,608
	-	**10,543,676**	-	-	**10,543,676**	**607,312**	**20,620**	**9,910,608**	**10,543,676**
Financial assets not measured at fair value									
Cash and cash equivalents	13,321,676	-	-	-	13,321,676				
Receivables and prepayments	10,305,827	-	-	-	10,305,827				
	23,627,503	-	-	-	**23,627,503**				
Financial liabilities not measured at fair value									
Overdraft	-	-	172,738	-	172,738				
Payables and accruals	-	-	15,585,353	-	15,585,353				
	-	-	**15,758,091**	-	**15,758,091**				

17. 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 2020.

	Total
	$
Opening balance	9,910,608
Fair value (gain) loss on FVOCI	(2,767,728)
Closing balance	7,142,880

The following table presents the changes in Level 3 instruments for the year ended 31 March 2019.

	Total
	$
Opening balance	2,375,808
Fair value (gain) loss on FVOCI	7,534,800
Closing balance	9,910,608

17. 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.

18. Change in Accounting Policies

The Company initially applied IFRS 16 Leases from April 1, 2019. A number of other new standards are also effective from April 1, 2019 but they do not have a material effect on the Company's financial statements.

The Group applied IFRS 16 using the modified retrospective approach, however, there was no impact to retained earnings as the right of use asset was measured at an amount equal to the lease liability (adjusted for prepayments or accrued lease payments relating to the lease at the date of initial application). Further under the modified retrospective approach, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 24(j).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied to contracts entered into or changed on or after April 1, 2019 and those that were previously identified as leases.

(b) As a lessee

As a lessee, the Group leases assets mainly property. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on balance sheet, subject to the termination options of the leases.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative standalone price.

18. Change in Accounting Policies (continued)

(b) As a lessee (continued)

However, for leases of property the Group has elected to not separate non-lease components.

(i) Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at April 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets(e.g. IT and other miscellaneous office equipment);
- lease and non-lease components were treated as a single component
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- hindsight was used as a guide in determining the lease term where there were Group.

19. Significant Accounting Policies

Except for the changes explained in note 21, the Company has consistently applied the following accounting policies to all period presented in these financial statements.

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Trinidad and Tobago dollars which is the company's functional and presentation currency.

(ii) Transactions and balances

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.

19. Significant Accounting Policies (continued)

(a) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

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 recognised either in profit or loss (applicable for trading securities), or in other comprehensive income if non-monetary financial assets are classified as available-for-sale. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

(b) Financial instruments

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the 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.

19. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

(a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

(b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e net of the expected credit loss provision).

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.

(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.

19. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

(i) Financial assets (continued)

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

Debt instruments

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
(j) 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 16. Interest income from these financial assets is included in 'Interest and similar 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.

- 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 'Net trading income' 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.

19. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

(i) Financial assets (continued)

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

Debt instruments (continued)

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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 and none occurred during the period.

19. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

(i) Financial assets (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 16 a.ii(3) 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.

19. Significant Accounting Policies (continued)

(b) 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.

19. Significant Accounting Policies (continued)

(b) 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.

Specific instruments

(i) 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 investments that are 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.

(ii) Receivables

Receivables are measured at cost less impairment.

(iii) Accounts payable

Accounts payable are measured at amortised cost.

(c) Property, plant and equipment

Property, plant 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.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part flow to the company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

Property, plant 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%
- Office equipment	15%
- Furniture and fixtures	12.5%

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

19. Significant Accounting Policies (continued)

(d) Share capital

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.

(e) 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.

(f) 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 recorded on the accrual basis. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. When financial assets become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount, which is the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes coupons earned on fixed income investments, accretion of discount on treasury bills and other discounted instruments, and amortisation of premium on instruments bought at a premium.

(ii) Fees and commissions

Fee and commission income are recognised on the accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportioned basis. Asset management fees related to investment funds are recognised rateably over the period in which the service is provided. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

(iii) Dividends

Dividend income is recognized when the right to receive payment is irrevocably established.

19. Significant Accounting Policies

(g) Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

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.

This policy is applied to contracts entered into, on or after April 1, 2019.

(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 property 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;

19. Significant Accounting Policies (continued)

(g) Leases (continued)

- 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 Group is reasonably certain not to terminate early.

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 Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group 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 Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group 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. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

19. Significant Accounting Policies (continued)

(h) New and amended standards and interpretations issued but not yet effective:

(i) Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a Company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognize an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The Entity is assessing the impact that the amendments will have on its 2021 financial statements.

(ii) Amendments to IFRS 3, *Business Combinations,* applicable to businesses acquired in annual reporting periods beginning on or after January 1, 2020, provides more guidance on the definition of a business. The amendments include:

(i) An election to use a concentration test by way of an assessment that results in an asset acquisition, if substantially all of the fair value of the gross asset is concentrated in single identifiable asset or a Entity of similar identifiable assets.

(ii) Otherwise, the assessment focuses on the existence of a substantive process. A business consists of inputs and processes applied to those inputs to create outputs.

The Entity is assessing the impact that the amendments will have on its 2021 financial statements.

(iii) Amendment to IAS 1, *Presentation of Financial Statements and* IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Entity does not expect the amendment to have a significant impact on its 2021 financial statements.

19. Significant Accounting Policies (continued)

(h) New and amended standards and interpretations issued but not yet effective: (continued)

(iv) Amendment to IAS 1, *Presentation of Financial Statements* is effective for annual periods beginning on or after January 1, 2022 but with a possible deferral to January 1, 2023. An entity classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. The amendment clarifies that a right to defer exists only if the entity 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. The settlement of a liability includes transferring a company's own equity instruments to the counterparty.

The Company's assessing the impact that the amendment will have on its 2022 or 2023 financial statements.

20. Contingent Liabilities

The Company has an open ended Standby Letter of Credit in favour of Trinidad and Tobago Central Depository Limited for $7,500,000 which is secured by a letter of undertaking. The Letter of Credit is dated June 04, 2020 and is due to expire on June 4, 2021.

21. Events after the Reporting Date

There are no events occurring after the statement of financial position 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.