Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Financial Statements
As at and for the year ended 31 March 2020

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Index

31 March 2020

Statement of Management Responsibilities
JAMAICA MONEY MARKET BROKERS (TRINIDAD AND TRINIDAD) LIMITED

Management is responsible for the following:

- Preparing and fairly presenting the financial statements of Jamaica Money Market Brokers (Trinidad & Tobago) Limited (the company), which comprise the statement of financial position as at March 31, 2020, the statement 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 audited 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.

Keith Duncan
Group Chief Executive Officer

Date: July 17, 2020

Patrick Ellis
Group Chief Financial Officer

Date: July 17, 2020

KPMG
Chartered Accountants
Savannah East
11 Queen's Park East
P.O. Box 1328
Port of Spain
Trinidad and Tobago, W.I.

Tel.: (868) 612-KPMG
Email: kpmg@kpmg.co.tt
Web: https://home.kpmg/tt

Independent Auditors' Report
To the Shareholders of Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jamaica Money Market Brokers (Trinidad and Tobago) Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the Group's and the Company's statement of financial position as at March 31, 2020, the Group's and the Company's 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 Group and 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 Group and 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), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

1. Expected Credit Losses on Financial Assets

See notes 10 and 25 to the financial statements for disclosures of related accounting policies, judgement, estimates and balances.

The key audit matter	How the matter was addressed in our audit
Loans and advances to customers amounted to $1,646 million for the Group and Investment securities amounted to $1,102 million for the Group. The key areas requiring greater management judgement include the determination of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information The economic impact of COVID-19 on financial assets has resulted in increased judgement in the following: - The identification of significant increase in credit risk which now includes COVID-19 related qualitative factors. - The incorporation of forward-looking information, reflecting a range of possible future economic conditions which are highly uncertain. Significant management judgement and assumptions are also used in determining the appropriate variables and assumptions in an appropriate model used in the measurement of the expected credit losses. The use of these judgements and assumptions increases the risk of material misstatement and is therefore an area of increased audit focus.	Our audit procedures in relation to the recoverability and of loans and advances to customers and investment securities, included: - Obtaining an understanding of the Group's credit control procedures and testing the design of key controls over granting of credit to customers; - Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key data inputs into the IFRS 9 impairment models. - Testing the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. - Involving our own financial risk modelling specialists to assess management's Expected Credit Loss model and methodology, including the SICR criteria used and independently assessing the assumptions for probability of default, loss given default, exposure at default and the incorporation of forward-looking information. Also evaluating whether management has adequately incorporated the impact of COVID-19 in the assumptions. - Replication of the model by the specialists, including factoring COVID-19 assumptions from independent market information and evaluating our generated values against the results of management's model;

Key Audit Matters (continued)

1. **Expected Credit Losses on Financial Assets** (continued)

The key audit matter	How the matter was addressed in our audit
	- For ECLs calculated on an individual basis we tested the factors underlying the impairment identification and quantification including forecasts of the amount and timing of future cash flows, valuation of assigned collateral and estimates of recovery on default and - Assessing the adequacy of the Group's disclosure for impairment of loans and advances to customers and, investment securities against the requirements of IFRS 9.

Key Audit Matters (continued)

2. Fair value of investment securities

See notes 12 and 25 to the financial statements for disclosures of related accounting policies, judgement, estimates and balances.

The key audit matter	**How the matter was addressed in our audit**
The Group's investments measured at fair value amounted to $1,183 million for the Group and the Company. Of these investments, $385 million was categorised as Level 2 and $171 million was categorised as Level 3 in the fair value hierarchy, as no quoted prices are available for these instruments. Valuation of these investments required the exercise of judgement and the use of assumptions. Changes to key inputs to the estimates, assumptions and/or the judgements made can result either on an individual investment or in aggregate, in a significant change to the valuation. The COVID-19 pandemic has resulted in the volatility of prices in various markets, which has increased estimation risk of prices used in determining fair values.	Our procedures in this area included: - Assessing and testing the design and operating effectiveness of the group's controls over the determination and computation of fair values. - Testing the fair value hierarchy of the portfolio of investments by assessing whether (i) the investment was quoted in an active market, (ii) valuation techniques used based on observable inputs or (iii) valuation techniques used based on unobservable inputs. - Assessing the reasonableness of significant assumptions used by third-party pricing sources against independent market data. - We determined whether management has appropriately incorporated the economic impact of COVID-19 in their valuation model assumptions. - We perform independent valuations of all Level 2 and Level 3 investment securities. The valuations performed incorporated data relating to COVID-19 from independent market information. - Evaluated the adequacy of the financial statements disclosures in respect of fair values.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Group and the Company 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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 Group and the Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Group and the Company 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 financial statements.

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

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

- Identify and assess the risks of material misstatement of the Group and the Company 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 Group's and the Company's internal control.

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

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group and the Company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Robert Alleyne

KPMG

Chartered Accountants
Port of Spain
Trinidad, West Indies
July 17, 2020

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2020

	Note	2020 $'000	2019 $'000
Net interest income and other revenue			
Interest income		188,516	156,951
Interest expense		(64,780)	(49,617)
Net interest income		123,736	107,334
Other revenue			
Gains on securities trading		11,466	4,863
Fees and commissions		31,195	16,546
Foreign exchange gains		33,351	39,006
		76,012	60,415
Operating revenue net of interest expense		199,748	167,749
Other income			
Dividends		35	469
		199,783	168,218
Operating Expenses			
Staff costs	5	(86,036)	(74,327)
Other expenses	6	(64,190)	(54,735)
		(150,226)	(129,062)
Operating profit		49,557	39,156
Impairment losses on financial instruments	7	(25,712)	(3,353)
Profit before taxation		23,845	35,803
Taxation	8	(7,152)	(9,398)
Profit for the Year		16,693	26,405

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

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

Year ended 31 March 2020

	Note	2020 $'000	2019 $'000
Profit for the Year		16,693	26,405
Other Comprehensive Income/(Loss)			
Items that may be subsequently reclassified to profit or loss			
Net (loss)/gain on investments in debt instruments measured at		(38,132)	(3,660)
Items that will not be reclassified to the profit or loss			
Net (loss)/gain on investments in equity instruments designated fair value through other comprehensive income		(2,101)	5,789
		(40,233)	2,129
Total Comprehensive Income/(Loss)		(23,540)	28,534

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Consolidated Statement of Financial Position

31 March 2020

	Note	2020 $'000	2019 $'000
Assets			
Cash and cash equivalents	9	703,361	488,122
Reverse repurchase agreement		9,832	-
Interest receivable		33,232	27,038
Income tax recoverable		537	384
Loans and notes receivable	10	1,646,262	1,256,470
Investment securities	12	1,182,612	1,470,005
Accounts receivable		24,387	31,291
Intangible assets	13	17,828	19,307
Property, plant and equipment	14	26,739	28,193
Right of Use asset	24	45,012	-
Deferred income tax assets	15	30,685	7,329
		3,720,487	3,328,139
Equity and Liabilities			
Equity			
Share capital	16	208,161	178,161
Investment revaluation reserve		(35,137)	5,096
Retained earnings		97,127	83,921
		270,151	267,178
Liabilities			
Deferred income tax liabilities	15	2,110	744
Customer deposits	17	2,389,787	1,992,248
Securities sold under agreements to repurchase	18	483,843	531,305
Lease liability		46,364	-
Interest payable		19,013	14,200
Due to related parties	19	94,442	97,982
Accounts payable	20	86,780	59,039
Notes payable	21	285,704	323,701
Redeemable preference shares	22	33,651	33,785
Income tax payable		8,642	7,957
		3,450,336	3,060,961
Total Equity and Liabilities		3,720,487	3,328,139

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

Archibald Campbell — **Director**

Keith P. Duncan — **Director**

The accompanying notes on pages 18 to 84 are an integral part of these financial statements.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Consolidated Statement of Changes in Equity

Year ended 31 March 2020

	Note	Share Capital $'000	Investment Revaluation Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 31 March 2018		178,161	620	82,310	261,091
Impact on initial application of IFRS 9		-	2,347	(21,320)	(18,973)
Restated balances as at 1 April 2018		178,161	2,967	60,990	242,118
Profit for the year		-	-	26,405	26,405
Other comprehensive income					
Change in fair value of available-for-sale securities		-	2,129	-	2,129
Total comprehensive income		-	2,129	26,405	28,534
Transactions with owners of the company					
Dividend declared	23	-	-	(3,474)	(3,474)
Balance at 31 March 2019		178,161	5,096	83,921	267,178
Profit for the year		-	-	16,693	16,693
Other comprehensive income					
Change in fair value and debt and equity instruments at FVOCI		-	(40,233)	-	(40,233)
Total comprehensive income		-	(40,233)	16,693	(23,540)
Transactions with owners of the company					
Issue of shares		30,000	-	-	30,000
Dividend declared	23	-	-	(3,487)	(3,487)
Total transactions with owners of the company		30,000	-	(3,487)	26,513
Balance at 31 March 2020		208,161	(35,137)	97,127	270,151

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2020

	Note	2020	2019
Cash Flows from Operating Activities			
Profit for the year		16,693	26,405
Adjustments for:			
Interest income		(188,516)	(156,951)
Interest expense		64,780	49,617
Taxation	8	7,152	9,398
Impairment of loans and investments	7	25,712	3,353
Amortisation of intangible assets	13	1,092	1,092
Net gain from investment securities		(11,466)	(1,516)
Depreciation on property, plant and equipment	14	6,583	5,675
Depreciation on right of use asset	24	7,726	-
Finance lease charge IFRS 16	24	3,127	-
Loss on the disposal of property, plant and equipment		68	33
		(67,049)	**(62,894)**
Changes in operating assets and liabilities:			
Accounts receivable		6,904	(13,123)
Loans and notes receivable		(414,080)	(136,534)
Related parties		(3,540)	(1,901)
Securities sold under agreements to repurchase		(47,462)	84,789
Customer deposits		397,539	284,500
Accounts payable		27,741	5,056
		(99,947)	**159,893**
Interest received		182,322	147,542
Interest paid		(59,967)	(45,172)
Taxation paid		(10,414)	(5,564)
Net cash provided in operating activities		**11,994**	**256,699**
Cash Flows from Investing Activities			
Disposal/(Purchase) of intangible asset	13	387	(84)
Purchase of property, plant and equipment	14	(5,197)	(6,326)
Proceeds from sale from property, plant and equipment		-	59
Investment securities (net)		225,685	(335,330)
Net cash used in investing activities		**220,875**	**(341,681)**
Cash Flows from Financing Activities			
Payment of lease liabilities	24	(9,499)	-
Advances from ultimate parent (net)		-	35,325
Redeemable preference shares		(134)	112
Loan payable		(37,997)	62,785
Proceeds from shares issued		30,000	-
Net cash provided by financing activities		**(17,630)**	**98,222**
Net increase in cash and cash equivalents		215,239	13,240
Cash and cash equivalents at beginning of year		488,122	474,882
CASH AND CASH EQUIVALENTS AT END OF YEAR	9	**703,361**	**488,122**

The accompanying notes on pages 18 to 84 are an integral part of these financial statements.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Statement of Profit and Loss Account and Other Comprehensive Income

Year ended 31 March 2020

	Note	2020 $'000	2019 $'000
Income			
Dividend		3,487	3,474
Expenses			
Other expenses	6	(838)	(277)
Profit/(Loss) being total comprehensive income/(loss)		2,649	3,197

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Statement of Financial Position

31 March 2020

	Note	2020 $'000	2019 $'000
Assets			
Cash and cash equivalents	9	212	212
Investment in subsidiary	11	264,529	234,529
Accounts receivable		7,254	3,772
Property, plant and equipment	14	7	7
		272,002	238,520
Equity and Liabilities			
Equity			
Share capital	16	208,161	178,161
Retained earnings		10,301	11,139
Total Equity		218,462	189,300
Current Liabilities			
Due to related party	19	51,758	47,448
Accounts payable	20	1,782	1,772
Total Liabilities		53,540	49,220
Total Equity and Liabilities		272,002	238,520

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

Archibald Campbell **Director**

Keith P. Duncan **Director**

The accompanying notes on pages 18 to 84 are an integral part of these financial statements.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Statement of Changes in Equity

Year ended 31 March 2020

	Note	Share Capital $'000	Retained Earnings $'000	Total $'000
Balance at 31 March 2018		178,161	11,416	189,577
Comprehensive income				
Profit for the year, being total comprehensive income		-	3,197	3,197
Transaction with owners				
Dividend paid	23	-	(3,474)	(3,474)
Balance at 31 March 2019		178,161	11,139	189,300
Comprehensive income				
Profit for the year, being total comprehensive income		-	2,649	2,649
Transaction with owners				
Issue of shares		30,000	-	30,000
Dividend declared	23		(3,487)	(3,487)
Balance at 31 March 2020		208,161	10,301	218,462

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Statement of Cash Flows

31 March 2020

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Profit/(Loss) for the year		2,649	3,197
Adjustments for:			
Change in operating assets/liability:			
Accounts receivable		(3,482)	(3,474)
Accounts payable		10	22
Net cash used in operating activities		(823)	(255)
Cash Flows from Investing Activity			
Interest in subsidiary		(30,000)	-
Net cash used in investing activity		(30,000)	-
Cash Flows from Financing Activities			
Advances from parent company		4,310	3,729
Proceeds from shares issued	16	30,000	-
Dividends		(3,487)	(3,474)
Net cash provided by financing activities		30,823	255
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		212	212
CASH AND CASH EQUIVALENTS AT END OF YEAR	9	212	212

1. Incorporation and Principal Activity

Jamaica Money Market Brokers (Trinidad and Tobago) Limited ("the Company") is incorporated and domiciled in Trinidad and Tobago. The registered office of the Company was changed to 77 Independence Square Port of Spain, Trinidad & Tobago during the year. It is a wholly owned subsidiary of JMMB Group Limited, which is incorporated in Jamaica.

Information on the subsidiaries is set out below:

The Company's principal activity is the holding of shares, as follows:

Name of Subsidiary	% Shareholding Held		Country of Incorporation	Principal Activities
	Parent	Subsidiary		
JMMB Investments (Trinidad and Tobago) Limited and its wholly owned subsidiary	100		Trinidad and Tobago	Securities Dealer
JMMB Securities (T&T) Limited		100	Trinidad and Tobago	Stock brokering
JMMB Bank (T&T) Limited and its wholly owned subsidiary	100		Trinidad and Tobago	Commercial Banking
JMMB Express Finance (T&T) Limited		100	Trinidad and Tobago	Banking

The Company and its subsidiaries are collectively referred to as "the Group".

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 Group's accounting policies, including changes during the year, are included in notes 4 and 31.

(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 are measured at fair value.
- Financial instruments at fair value through other comprehensive income

(c) Functional and presentation currency:

Items included in the financial statements of each of the Group Entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the company's functional and presentation currency.

2. **Statement of compliance and basis of preparation** (continued)

(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. Actual amounts could differ from those estimates.

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

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 30(c)(ii).

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 3(b)

3. **Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

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

(a) Key sources of estimation uncertainty

Allowance for losses

(i) Allowance for impairment losses

Loans accounted for at amortised cost are evaluated for impairment on the basis described in accounting policy note 25.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and 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 defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 23(a)(ii)3, which also sets out key sensitivities of the ECL to changes in these elements.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

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

(a) Key sources of estimation uncertainty (continued)

Allowance for losses (continued)

(i) Allowance for impairment losses (continued)

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.

Fair value of financial instruments

There are no quoted market prices for a significant portion of the Group's financial assets and financial liabilities. Accordingly, fair values of the financial assets are estimated using prices obtained from other sources. There is significant uncertainty inherent in this approach, particularly due to COVID-19 with the fair values estimated being categorised as Level 2 fair values; consequently, the estimates arrived at may be different from the actual price of the instrument in an actual arm's length transaction (note 27).

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

The Group'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. Change in Accounting Policies

The Group 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 Group'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 30(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 only to contracts entered into or changed on or after April 1, 2019 and those 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 of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

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 price.

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

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

4. Changes in Accounting Policies (continued)

(b) As a lessee (continued)

(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 Company:

- 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 options to extend or terminate the lease.

(c) Impact on financial statements

	The Group 2020 $'000
Operating lease commitments as at Mar 31, 2019	(54,867)
Additional to lease liabilities	(2,755)
-Discounted using incremental borrowing rate as at Apr 1, 2019	32,535
-Extension options reasonably certain to be exercised	(21,277)
Lease liability recognised at Apr 1, 2019	(46,364)

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

5. Staff Costs

	The Group	
	2020	**2019**
	$'000	**$'000**
Salaries and wages	56,625	55,767
Statutory payroll contributions	3,059	3,019
Pension scheme contributions	4,302	4,305
Training and development	741	1,342
Other staff benefits	21,309	9,894
	86,036	74,327

6. Operating Expenses

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Advertising and promotion	3,625	3,219	64	-
Auditors' remuneration	1,508	1,244	139	106
Bank charges and interest	471	391	-	-
Depreciation and amortisation	7,675	6,769	-	-
Depreciation on right of use assets	7,726	-	-	-
Directors' fees [note 22(d)]	1,596	1,498	-	-
Repairs and maintenance	1,569	1,428	-	-
Information technology	4,298	5,957	-	-
Legal and other professional fees	3,197	7,893	396	88
Loss on disposal of property, plant and equipment	68	33	-	-
Motor vehicle expenses	-	66	-	-
Office rental	1,408	9,565	-	-
Other	19,841	7,225	6	83
Security	4,031	3,548	-	-
Stationery, printing and postage	1,190	866	233	-
Travel and entertainment	1,227	797	-	-
Utilities	4,760	4,236	-	-
	64,190	54,735	838	277

Note: Office rental for financial year to Mar 2020 is lower than previous financial year after the implementation of IFRS 16 leases.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

7. Impairment Losses on Financial Assets

	The Group	
	2020	**2019**
Net impairment losses:		
Impairment loss on loans and advances	(24,392)	(3,383)
Impairment (loss)/reversal on investments	(1,757)	201
Impairment on receivables	25	(196)
Recoveries	412	25
	(25,712)	(3,353)

8. Taxation

(a) Income tax is computed at 35% for banking entities and 30% for other entities in the group. The Green Fund levy is computed at 0.30% of gross revenue.

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Green Fund levy	929	424	-	-
Business levy	598	253	-	-
Current income tax:				-
Provision for charge on current year's profit	10,405	10,469	-	-
Prior year's under/(over) provision	(993)	1,252	-	-
Deferred income tax				
Current year (Note 15)	(3,787)	(3,000)	-	-
	7,152	9,398	-	-

(b) The tax rates for the group is 35% for banking entities and 30% for other entities. The actual tax charge for the year is as follows:

	The Group				The Company			
	2020	**2020**	**2019**	**2019**	**2020**	**2020**	**2019**	**2019**
	%	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**	**$'000**
Profit/(loss) before tax	100%	23,845	100%	35,803	100%	2,649	100%	3,197
Tax calculated at tax rate	37%	8,842	35%	12,476	30%	795	30%	959
Income not subject to tax	-11%	(2,586)	-3%	(1,140)	-39%	(1,046)	-33%	(1,042)
Tax losses recognised	-3%	(632)	-11%	(4,096)	0%		0%	
Prior year adjustments	0%	(73)	3%	1,181	0%		0%	
Green fund levy	3%	831	1%	424	0%		0%	
Business levy	0%	37	1%	323	0%		0%	
Expenses not allowable	3%	715	0%	37	9%	251	3%	83
Other	0%	18	1%	193	0%		0%	
	30%	**7,152**	26%	**9,398**	0%	**-**	0%	**-**

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

8. Taxation (continued)

(c) At the reporting date, taxation losses, subject to the agreement of the Inland Revenue Department, available for set-off against future taxable profits, amounted to approximately $22,770,886,000 (2019: $29,288,986,000) for the Group and $NIL (2019: $4,322,000) for the Company.

9. Cash and Cash Equivalents

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank	12,516	8,293	-	-
Due from financial institutions and Central Bank	690,845	479,829	212	212
	703,361	488,122	212	212

10. Loans and Notes Receivable

	The Group	
	2020	**2019**
	$'000	**$'000**
Corporate and commercial	961,401	761,016
Retail	741,873	528,646
	1,703,274	1,289,662
Impairment allowance:		
At beginning of year	(33,192)	(12,425)
Charge credit for year	(24,392)	(3,383)
Write off	572	125
Restated	-	(17,509)
At end of year	(57,012)	(33,192)
Net loans and notes receivable	1,646,262	1,256,470

The COVID-19 pandemic has resulted in a significant adverse change in both global and national economic outlook. This has been factored into the forward looking information (FLI) used in the calculation of the Expected Credit Loss (ECL) and is one of the main contributors to the increase in impairment losses on the Group's loans and advances and investment portfolios for the financial year March 31 2020.

11. Investment in Subsidiary

	The Company	
	2020	**2019**
	$'000	**$'000**
JMMB Investments (Trinidad and Tobago) Limited		
Shares, at cost	100,764	70,764
JMMB Bank (T &T) Limited		
Shares, at cost	163,765	163,765
	264,529	234,529

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

12. Investment Securities

	The Group	
	2020 **$'000**	**2019** **$'000**
Fair value through other comprehensive income (FVTOCI):		
Government of Trinidad and Tobago securities	377,397	455,257
Other sovereign bonds	122,709	175,655
Corporate bonds	602,288	755,418
Quoted and unquoted securities	12,685	17,579
	1,115,079	1,403,909
At fair value through profit or loss:		
Equities	1,044	-
Corporate bonds	66,489	66,096
	67,533	66,096
	1,182,612	1,470,005

Investments mature, from the reporting date, as follows:

	The Group	
	2020 **$'000**	**2019** **$'000**
Government of Trinidad and Tobago securities		
Within 3 months	297	28,968
From 3 months to 1 year	121,560	99,217
From 1 year to 5 years	84,125	132,497
Over 5 years	171,415	194,555
	377,397	455,237
Other sovereign bonds:		
Within 3 months	66,629	99,881
From 1 year to 5 years	10,539	19,499
Over 5 years	45,541	56,275
	122,709	175,655
Corporate bonds		
Within 3 months	66,489	66,096
From 3 months to 1 year	52,883	113,896
From 1 year to 5 years	263,879	127,616
Over 5 years	285,526	513,906
	668,777	821,514
Other		
No fixed maturity	13,729	17,599
	1,182,612	1,470,005

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

13. Intangible Assets

	The Group				
	Computer Software	Customer Relationship	Trade Mark	Banking and Non-Banking Licenses	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
31 March 2018	307	13,383	7,912	11,520	33,122
Additions	84	-	-	-	84
31 March 2019	391	13,383	7,912	11,520	33,206
Disposals	(387)				(387)
31 March 2020	4	13,383	7,912	11,520	32,819
Amortisation					
31 March 2018	4	4,891	7,912	-	12,807
Charge for the year	-	1,092	-	-	1,092
31 March 2019	4	5,983	7,912	-	13,899
Charge for the year		1,092		-	1,092
31 March 2020	4	7,075	7,912	-	14,991
Net Book Value					
31 March 2020	-	6,308	-	11,520	17,828
31 March 2019	387	7,400	-	11,520	19,307

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

14. Property, Plant and Equipment

	The Group				
	Capital Work-in Progress	Leasehold Improvements	Furniture & Fixtures	Computer Equipment	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
31 March 2018	389	28,556	22,917	42,075	93,937
Additions	3,596	99	1,155	1,476	6,326
Transfer from work in progress	(2,347)	173	1,384	790	-
Disposals	-	-	(630)	(391)	(1,021)
31 March 2019	1,638	28,828	24,826	43,950	99,242
Additions	2,576	401	1,052	1,168	5,197
Transfer from work in progress	(3,690)	242	3,181	267	-
Disposals		(6,697)	(1,949)	(7,271)	(15,917)
31 March 2020	524	22,774	27,116	38,114	88,528
Accumulated Depreciation					
31 March 2018	-	15,727	13,652	36,929	66,308
Charge for year	-	2,127	1,507	2,041	5,675
Disposals	-	-	(541)	(387)	(928)
31 March 2019	-	17,854	14,618	38,583	71,055
Charge for year	-	2,234	2,330	2,019	6,583
Disposals	-	(6,697)	(1,949)	(7,203)	(15,849)
31 March 2020	-	13,391	14,999	33,399	61,789
Net Book Values					
31 March 2020	524	9,383	12,117	4,715	26,739
31 March 2019	1,638	10,974	10,214	5,367	28,193

	The Company	
	Furniture & Fixtures	Total
	$'000	$'000
Cost		
31 March 2019 and 31 March 2020	7	7
Accumulated Depreciation		
31 March 2019 and 31 March 2020	-	-
Net Book Values		
31 March 2020	7	7
31 March 2019	7	7

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

15. Deferred Income Taxes

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

Deferred income tax is calculated on temporary differences using the rate at which the tax will be paid when the temporary differences reverse. The statutory rate has been used as deferred tax is currently applicable only to the jurisdiction that apply this rate.

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

	The Group	
	2020 $'000	**2019 $'000**
Deferred income tax asset		
Investment securities	19,772	7
Tax losses	5,556	7,218
ECL Loans IFRS 9	4,676	-
Net IFRS 16	473	-
Property, plant and equipment	208	104
	30,685	7,329
Deferred income tax liability		
Deferred fees	(25)	(18)
Unrealised exchange gain	(312)	(515)
Investment securities	(1,773)	(211)
	(2,110)	(744)
Net deferred income tax asset	28,575	6,585

The movement in the net deferred income tax balance is as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
At beginning of year	6,585	3,872
Credited/(charged) to profit or loss for the year (Note 8)	3,787	3,000
Credited to other comprehensive income	18,203	(287)
At end of year	28,575	6,585

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

16. Share Capital

	Group and Company	
	2020	**2019**
	$'000	**$'000**
Authorised: An unlimited number of ordinary & preference shares, par value TT$1.00		
Issued and fully paid: 208,161,086 (2019:178,161,086) ordinary shares	208,161	178,161

	2020	**2019**
	$'000	**$'000**
Stated capital	208,161	178,161

On 28 June 2019 the company increase its authorised share capital from 178,161,086 to 208,161,086 by the creation of an additional 30,000,000 ordinary shares to rank pari passu, in all respects, with the existing ordinary shares. The newly created shares were then issued.

The company has elected, under the companies Act 1995, to maintain par value status for its ordinary shares.

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

17. Customer Deposits

	The Group	
	2020	**2019**
	$'000	**$'000**
Savings	775,044	728,046
Demand	376,943	275,614
Time	1,237,800	988,588
	2,389,787	1,992,248

Sectoral analysis of deposits is as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
State enterprises	142,074	86,325
Corporate and commercial	1,455,377	1,248,055
Personal	792,336	657,868
	2,389,787	1,992,248

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

18. Securities Sold Under Agreements to Repurchase

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Denominated in United States dollars	284,611	233,129	-	-
Denominated in Trinidad and Tobago dollars	199,232	298,176	-	-
	483,843	531,305	-	-

Repurchase agreements are collateralised by certain securities and other instruments held by the Group with a carrying value of $498,463,215 (2019: $575,487,000), (note 12).

19. Due to Related Party

(a) A related party is a person or entity that is related to the Company

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 Group".

(i) A person or a close member of that person's family is related to the Company 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 entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the company 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 Group of which it is a part, provides key management personnel services to the group or to the parent of the Group.

19. Due to Related Party (continued)

(a) A related party is a person or entity that is related to the Company(continued)

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

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

(b) The statement of financial position includes balances, other than those specifically disclosed on the statement, arising in the normal course of business, with related parties, as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Directors:		
Deposits	6,755	6,909
Repurchase agreements	65,086	-
Ultimate parent company:		
Reverse repurchase agreements	9,832	-
Redeemable preference shares	33,651	33,785

(c) The statement of profit or loss and other comprehensive income includes the following income earned from, and expenses incurred in, transactions with related parties, in the ordinary course of business:

	The Group	
	2020	**2019**
	$'000	**$'000**
Directors:		
Interest income	297	204
Interest expense	(8)	(13)

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Advance to acquire shares in associated company	31,628	31,628	31,628	31,628
Other advances	62,814	66,354	20,130	15,820
	94,442	97,982	51,758	47,448

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

19. Due to Related Party (continued)

(d) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Such persons comprise the directors, senior management and company secretary. The compensation paid or payable to key management for employee services is as shown below:

	The Group	
	2020	**2019**
	$'000	**$'000**
Directors fees (note 6)	1,596	1,498
Other short-term employee benefits	14,345	12,796
Post-employment benefits	950	910
	16,891	15,204

20. Accounts Payable

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	18,102	36,585	-	-
Other payables	68,678	22,454	1,782	1,772
	86,780	59,039	1,782	1,772

21. Notes Payable

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
(i) Subordinated debt	100,000	100,000	-	-
(ii) Senior secured TT$ Fixed Note	111,000	112,210	-	-
(iii) Senior secured US$ Fixed Note	74,704	111,491	-	-
	285,704	323,701	-	-

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

21. Notes Payable (continued)

(i) This represents subordinated debt issued by a subsidiary for a term of eight (8) years, maturing on 28 March 2022, at a fixed rate of 4.5% per annum. This debt was increased to $100 million in December 2027 and investors agreed to extent the tenor of the debt to 2027 with an interest rate of 5%.

(ii) This represents a fixed rate debt issued in three tranches bearing interest at 3.25% and 3.70% per annum, payable on a semi-annually basis. These notes mature in November 2020 and November 2021 and November 2022 and are secured by investment securities (Note 12).

(iii) This represents a fixed rate US$ debt issued in two tranches bearing interest at 3.15%-3.55% per annum, payable on a semi-annually basis. These notes mature in November 2020, November 2021 and are secured by investment securities (Note 12).

22. Redeemable Preference Shares

	The Group	
	2020	**2019**
	$'000	**$'000**
JMMB Group Limited	33,651	33,785

This instrument is unsecured and bears interest at 6.0% per annum, with interest payable on a quarterly basis. It matures 14 January 2024.

23. Dividend declared

	2020	**2019**
	$'000	**$'000**
Ordinary shares dividend	3,487	3,474

Ordinary dividend of $0.01675 (2019: $0.019) per stock unit was declared.

24. Leases – Right of use asset and Lease liability

(a) Leases as lessee

The Group leases properties for office space and other uses. The leases run for a period of 3 years to 15 years. Certain leases have an option to renew the lease after the lease term date. Lease payments are renegotiated periodically to reflect market rentals. Some leases, in accordance with the lease terms and conditions provide for additional rent payments that are based on changes in local price indices.

The Group leases IT equipment and other office equipment with contract terms of one to three years. These leases are short- term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases as allowed under the standard.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

24. Leases – Right of use asset/Lease liability (continued)

(a) Leases as lessee (continued)

Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets are recognised in relation to leased properties that do not meet the definition of investment property.

	Land and building $'000
The Group 2020	
Balance at April 1	49,982
Depreciation charge for the year	(7,726)
Additions to right-of-use assets	2,756
Derecognition of right-of-use assets	-
Balance at March 31	**45,012**
Amounts recognised in profit or loss	10,851

(ii) Lease liability

	2020 $'000
Current	7,446
Non-current	38,918
	46,364

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

24. Leases – Right of use asset/Lease liability (continued)

(a) Leases as lessee (continued)

(iii) Amounts recognised in profit or loss

2020 – Leases under IFRS 16

	The Group 2020 $'000
Interest on lease liabilities	3,127
Expenses relating to short-term leases and low-value assets	2,810
2019 – Operating leases under IAS 17	
Lease expense	9,565
Contingent rent expense	55,969

(iv) Amounts recognised in statement of cash flows

Total cash outflows for leases	9,499

(v) Extension options

Some property leases contain extension options exercisable by the lessor and these renewal periods were not included in the lease liability calculation. Where the renewal option is exercisable by the Group (lessee) these have been included in the lease liability.

25. Financial Risk Management

Exposure to credit, liquidity, and market risks arise in the ordinary course of the Group's business.

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

The risk management policies are established and implemented by the ultimate parent company to identify and analyse the risks faced by the parent company and its subsidiaries (Parent Group), to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The ultimate parent Group has established various committees, which are responsible for developing and monitoring the Group's risk management policies. These include the Audit and Risk Management Committees.

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

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

25. Financial Risk Management (continued)

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 the area a 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 Group 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 Group meet frequently to discuss strategies and plans around managing business continuity as well as the liquidity and the capital needs of the Group.

(iii) Updating of the entity'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 entity'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.

(iv) The implementation of measures to assist external clients during this crisis, such as:

- Deferrals on loans. It is not expected that there will be reclassification of loans from Stage 1 to Stage 2 as these instalment deferrals should not trigger a significant increase in the credit risk (SICR) unless other criteria indicating SICR [see note 23(a.ii.1)] are identified.

- Client partnership arrangements with clients, such as restructuring based on their needs and subject to approval by the appropriate board and management committees.

25. Financial Risk Management (continued)

(a) Credit risk

The Group is exposed to credit risk, which is the risk that its customers or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is a significant risk for the Group's business and management therefore carefully manages its exposure to credit risk. Credit exposure of the Group arises mainly in investment and lending activities. The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to an industry segment.

The COVID-19 pandemic has caused significant market volatility which has increased the Group's credit risk. The downgrading of credit ratings and/or outlooks for counterparties has resulted in an increase in credit risk for debt securities and loans.

Credit review process

The Group has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

(i) Loans and notes receivable

The Group assesses the probability of default of individual counterparties using internal ratings. Clients of the Group are segmented into rating classes. The Group's rating scale, reflects the range of default probabilities defined for each rating class.

Exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees. Counterparty limits are established by the use of a credit classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risk to which it is exposed and to take corrective action.

Loan and notes receivable that are cash secured are not included in a credit classification, based on the Group's rating grades.

(ii) Investment securities and resale agreements

The Group limits its exposure to credit risk by investing in liquid securities and with counterparties that have high credit quality. As a consequence, management's expectation of default is low.

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

(iii) Cash and cash equivalents

Cash and cash equivalents are held in financial institutions which management regards as strong and there is no significant concentration. The strength of these financial institutions is continually reviewed by the Credit and Risk Management Committees.

(iv) Receivables

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

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

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

Collateral and other credit enhancements

The amount and type of collateral required depends on the Group's assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

Loans and Notes receivable – Cash and other near cash securities, mortgages over commercial and residential properties, charges over general business assets such as premises, equipment, inventory, accounts receivable, marketable securities and motor vehicles.

Management monitors the market value of collateral held and requests additional collateral in accordance with the underlying agreement, if necessary.

Credit quality

The credit quality of the Group's loan portfolio is stated below:

	The Group	
	2020	**2019**
	$'000	**$'000**
Neither past due nor impaired - standard	1,371,893	1,174,927
Past due but not impaired	229,339	60,873
Past due and impaired	102,042	53,862
Gross	1,703,274	1,289,662
Less: allowance for impairment	(57,012)	(33,192)
Net	1,646,262	1,256,470

Maximum exposure to credit risk

The Group's maximum exposure to credit risk is the carrying value of the items in the statement of financial position that are subject to credit risk.

25. Financial Risk Management (continued)

(b) 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 Group.

- 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. A description of how the group 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. A description of inputs, assumptions and estimation techniques used in measuring the ECL is provided below.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. An explanation of how the Group has incorporates this in its ECL models, is included in section (iii) below.

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

The key inputs, assumptions and techniques used for estimating impairment adopted by the Group are as follows:

(i) Significant increase in credit risk

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

The objective of the assessment is to identify whether a significant increase in credit risk has occurred

25. Financial Risk Management (continued)

(b) Expected credit loss measurement (continued)

Significant increase in credit risk (continued)

for an exposure by comparing the remaining lifetime probability of default (PD) as at the reporting date with the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in probability of default (PD).
- qualitative indicators; and
- backstop of 30 days past due.

Credit risk grades:

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

The Group uses internal credit risk grading's that reflect its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty.

Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for corporate exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

The following are additional considerations for each type of portfolio held by the Group:

Individual:

After the date of initial recognition, for retail business, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural score. Any other known information about the borrower which impacts their creditworthiness - such as unemployment and previous delinquency history - is also incorporated into the behavioural score. This score is mapped to a PD.

25. Financial Risk Management (continued)

(b) Expected credit loss measurement (continued)

Credit risk grades (continued)

Commercial & Corporate

For commercial and corporate business, the rating is determined at the borrower level. A relationship manager will incorporate any updated or new information/credit assessments into the credit system on an ongoing basis. In addition, the relationship manager will also update information about the creditworthiness of the borrower on an annual basis from sources such as financial statements. This will determine the updated internal credit rating and PD.

Treasury

For debt securities in the treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Group's rating method comprises 21 rating levels for instruments not in default (1 to 21) and two default classes (22 to 23). The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of all actually observed defaults.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

Generating the term structure of PD:

Credit risk grades are the primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction and by type of product and borrower as well as by credit risk grading.

The Group uses statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

25. Financial Risk Management (continued)

(b) Expected credit loss measurement (continued)

(i) Significant increase in credit risk

Determining when credit risk has increased significantly

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower and the geographical region.

The Group considers that there is a significant increase in credit risk for its loans portfolio no later than when a loan is more than 30 days past due or any two-notch downgrade in its internal ratings. The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors lined to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This is the case for exposures that meet certain heightened risk criteria such as placement on a watch list.

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

Financial instruments for which 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.

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 Group 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.

When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

(ii) Definition of default:

The Group considers the following quantitative and qualitative factors in determining whether a financial asset is in default:

- The borrower is more than 90 days past due on its obligation to the Group.
- A decrease in internal rating of RR6 or higher
- The borrower is unlikely to pay its obligation to the Group in full, without recourse by the Group to actions such as realizing security. This may arise from instances such as bankruptcy, long-term forbearance, insolvency, breach of financial covenants, death and restructuring.

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

Financial assets classified as 'default' are transferred to stage 3 and impairment loss is measured based on lifetime expected credit losses.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

25. Financial Risk Management (continued)

(b) Expected credit loss measurement (continued)

(iii) Incorporation of forward-looking information

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

The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

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

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

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

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

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments, and using the scorecard approach has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has assessed that the key drivers of its sovereign portfolio are debt to GDP ratio, current account to GDP ratio and net international reserves with weightings of 30%, 20% and 50% respectively. The drivers for the corporate portfolio are debt to GDP ratio, annual inflation rate and GDP annual growth rate with weightings of 10%, 30% and 60% respectively. The drivers for the retail loan portfolio are interest rate (i.e. policy rates as issued by central banks), unemployment rate and consumer price index with weightings of 30%, 35% and 35% respectively.

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

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

(iv) Computation of the expected credit loss (ECL)

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

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

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

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

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

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default.

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

The Group has replaced the Vasicek model with a simplified scorecard model in estimating its forward-looking indicator factors. The model differentiates between sovereign, corporate and retail loan exposures. A minimum of three (3) leading macroeconomic variables are used for each exposure class.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

25. Financial Risk Management (continued)

(b) Expected credit loss measurement (continued)

(v) Loss allowance

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

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

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

Loans and notes receivable at amortised cost:

	The Group			
	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loss allowance as at April 1, 2019 IFRS 9	**10,762**	**9,742**	**12,688**	**33,192**
Transfer from Stage 1 to Stage 2	(3,550)	3,550	-	-
Transfer from Stage 1 to Stage 3	(11,265)	-	11,265	-
Transfer from Stage 2 to Stage 1	185	(185)	-	-
Transfer from Stage 2 to Stage 3	-	(3,719)	3,719	-
Financial assets derecognised during period	(1,610)	(360)	(2,444)	(4,414)
New financial assets originated or purchased	11,025	1,045	3,367	15,437
Changes in PDs/LGDs/EADs	15,810	2,432	(5,445)	12,797
Loss allowance as at March 31, 2020	**21,357**	**12,505**	**23,150**	**57,012**

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

25. Financial Risk Management (continued)

(b) Expected credit loss measurement (continued)

(v) Loss allowance

Receivables	**Stage 1 12 month ECL $'000**	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
		ECL Staging		
Loss allowance as at 1 April 2019	8	196	-	204
Movements with P&L impact				
Total net P&L charge during the period	-	(27)	-	-
Loss allowance as at March 31 2020	8	169	-	177

Investment securities	**The Group**			
	2019			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Loss allowance as at April 1, 2019 IFRS 9	**1,982**	**82**	**-**	**2,064**
Financial assets derecognised during period	(284)	-	-	(284)
New financial assets originated or purchased	1,587	-	-	1,587
FX and other changes in inputs used	817	(1)	-	816
Write offs	(618)	(52)	-	(670)
Loss Allowance as at March 31, 2020	3,484	29	-	3,513

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

25. Financial Risk Management (continued)

(b) Expected credit loss measurement (continued)

(v) *Loss allowance*

The following tables further explain changes in the gross carrying amount of the loans, receivables and investment portfolios to help explain their significance to the changes in the loss allowance for the same portfolio as above:

Loans at amortised cost

	The Group			
	2020			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance as at April 1, 2019 IFRS 9	**1,046,466**	**189,335**	**53,861**	**1,289,662**
Transfer from Stage 1 to Stage 2	(50,149)	50,149	-	-
Transfer from Stage 1 to Stage 3	(61,692)	-	61,692	-
Transfer from Stage 2 to Stage 1	9,543	(9,543)	-	-
Transfer from Stage 2 to Stage 3	-	(17,199)	17,199	-
Transfer from Stage 3 to Stage 2		15	(15)	-
Financial assets derecognised during period	(195,989)	(16,301)	(2,395)	(214,685)
New financial assets originated or purchased	674,806	41,481	3,362	719,649
Paydowns	(51,092)	(8,598)	(31,662)	(91,352)
Balance as at March 31, 2020	**1,371,893**	**229,339**	**102,042**	**1,703,274**

Receivables	**ECL Staging**			
	Stage 1 12 month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance as at 1 April 2019	4,461	204	-	4,665
Movements with P&L impact				
New financial assets originated or Purchased	651	-	-	651
Financial assets derecognised during the period	-	(27)	-	(27)
Balance as at March 31 2020	5,112	177	-	5,289

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

25. Financial Risk Management (continued)

(b) Expected credit loss measurement (continued)

(v) Loss allowance

Investment securities

	The Group			
	2020			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Balance as at April 1, 2019 IFRS 9	**1,367,409**	**18,922**	**-**	**1,386,331**
Financial assets derecognised during period	(666,424)	(17,311)	-	(666,424)
New financial assets originated or purchased	489,324	-	-	489,324
FX and other changes in inputs used in ECL calculations	(89,526)	-	-	(89,526)
Balance as at March 31, 2020	**1,100,780**	**1,611**	**-**	**1,102,394**

Consolidation	Hold to collect			
	2020			
	ECL staging			
	Stage 1 12-month EAD	**Stage 2** Lifetime EAD	**Stage 3** Lifetime EAD	**Total**
	TT$'000	**TT$'000**	**TT$'000**	**TT$'000**
Balance as at 1 April 2019	20	-	-	**20**
Financial Assets Derecognized	(20)	-	-	**(20)**
New financial assets originated or purchased	9,832	-	-	**9,832**
Balance as at 31 March 2020	**9,832**	**-**	**-**	**9,832**

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

25. Financial Risk Management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial 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 Group 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 Group manages this risk by forecasting and monitoring the levels of cash, investment securities and payouts. The Group is not subject to any externally-imposed liquidity requirements.

There was no change during the year in the nature of the Group's liquidity risk or its approach to measuring and managing this risk.

The impact of Covid-19 has resulted in unprecedented market conditions with respect to asset and liability management. Against this backdrop, the Group 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.

The following table presents the contractual maturities of financial liabilities, including interest payments, on the basis of their earliest possible contractual maturity.

	The Group 2020					
	Less than 3 Months	**3 to 12 Months**	**One to Five Years**	**Over Five Years**	**Gross Nominal Inflow/ (Outflow)**	**Carrying Amount**
	TT$ 000	**TT$ 000**	**TT$ 000**	**TT$ 000**	**TT$ 000**	**TT$ 000**
Customer deposits	504,216	1,824,817	86,460	-	2,415,493	2,389,787
Repurchase Agreement	296,305	191,868	-	-	488,173	483,843
Subordinated debt	-	2,521	25,014	107,479	135,014	100,000
Lease Liability	1,818	5,628	23,708	15,210	46,364	46,364
Interest payable	19,013	-	-	-	19,013	19,013
Accounts payable	86,780	-	-	-	86,780	86,780
Owed to ultimate parent	47,336	47,106	-	-	94,442	94,442
Preference shares	33,651	-	-	-	33,651	33,651
Notes payable	185,704	-	-	-	185,704	185,704
Total On-Balance Sheet	1,174,823	2,071,940	135,182	122,689	3,504,634	3,439,584
Bonds, Guarantees and Letters of Credit	8,085	204	810	-	9,099	9,099
Undrawn Credit Commitments	110,923	-	-	-	110,923	110,923
Total Off-Balance Sheet	119,008	204	810	-	120,022	120,022

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

25. Financial Risk Management (continued)

(c) Liquidity risk (continued)

	The Group					
	2019					
	Less than 3 Months $'000	3 to 12 Months $'000	1-5 Years $'000	Over 5 years $'000	Contractual Cash Flow $'000	Carrying Amount $'000
Financial Liabilities						
Customer deposits	417,403	1,503,410	85,664	-	2,006,477	1,992,248
Securities sold under agreements to repurchase	235,165	156,858	145,852	-	537,875	531,305
Owed to ultimate parent company	97,982	-	-	-	97,982	97,982
Accounts payable	59,039	-	-	-	59,039	59,039
Loan payable	5,014	-	20,014	116,123	141,151	100,000
Notes payable	223,701	-	-	-	223,701	223,701
Redeemable preference shares	33,785	-	-	-	33,785	33,785
	1,072,089	1,660,268	251,530	116,123	3,100,010	3,038,060
Bonds, guarantees and letters of credit	8,778	259	698	-	9,735	9,735
Undrawn credit commitments	132,992	-	-	-	132,992	132,992
Total off-balance sheet	141,769	259	698	-	142,726	142,726

25. Financial Risk Management (continued)

(c) Liquidity risk (continued)

	The Company				
	2020				
	Less than 3 Months $'000	3 to 12 Months $'000	Over 12 Months $'000	Contractual cash flow $'000	Carrying Value $'000
Financial Liabilities					
Owed to ultimate parent company		51,758		51,758	51,758
Accounts payable	1,782			1,782	1,782
	1,782	51,758		53,540	53,540

	The Company				
	2019				
	Less than 3 Months $'000	3 to 12 Months $'000	Over 12 Months $'000	Contractual cash flow $'000	Carrying Value $'000
Financial Liabilities					
Owed to ultimate parent company	-	47,448	-	47,448	47,448
Accounts payable	1,772	-	-	1,772	1,772
	1,772	47,448	-	49,220	49,220

(d) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Such risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

(i) Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on transactions that it undertakes in foreign currencies that give rise to the net currency gains and losses recognised during the year. Such exposures comprise the assets and liabilities of the Group that are not denominated in its functional currency. The Group ensures that the risk is kept to an acceptable level by monitoring its value-at-risk exposure.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

25. Financial Risk Management (continued)

(d) Market risk (continued)

(i) Foreign currency risk (continued)

At the reporting date, the Trinidad and Tobago dollar equivalents of net foreign currency assets were as follows:

	The Group		The Company		Exchange rates	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**		
United States dollars		319,853	-	-	6.73	6.76
Canadian dollars		-	-	-	4.88	5.32
Jamaican dollars		-	-	-	0.05	0.05

Sensitivity to foreign exchange rate movements

The following tables indicate the currencies to which the Group and Company had significant exposure on their monetary assets and liabilities and their forecast cash flows. The change in currency rates below represents management's assessment of the effect on profit of a reasonably possible change in foreign exchange rates at the reporting date:

	The Group			
	Change in Currency Rate	**Effect on Profit**	**Change in Currency Rate**	**Effect on Profit**
	2020	**2020**	**2019**	**2019**
	%	**$'000**	**%**	**$'000**
Currency:				
BBD	6	0.21	4	-
CAD	6	0.87	4	0.64
EUR	6	1.02	4	0.32
GBP	6	0.99	4	0.54
USD	6	2,087.66	4	1,233.33
XCD	6	-	4	0.14
		2,089.75		1,234.97

25. Financial Risk Management (continued)

(d) Market risk (continued)

(ii) 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 financial assets, financial liabilities and equity to arrive at the Group's and Company's interest rate gap based on the earlier of contractual repricing and maturity dates.

	The Group				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
31 March 2020					
Financial assets					
Cash and cash equivalents	-	808	-	702,553	703,361
Loans and notes receivable	339,132	1,027,030	280,100	-	1,646,262
Investment securities	133,439	463,721	571,723	13,729	1,182,612
Investment due from related party	9,832	-	-	-	9,832
Interest receivable	-	-	-	33,232	33,232
Accounts receivable	-	-	-	24,387	24,387
Total interest earning assets	482,403	1,491,559	851,823	773,901	3,599,686
Financial liabilities					
Customer deposits	1,643,452	663,337	79,138	3,860	2,389,787
Securities sold under agreements to repurchase	303,855	179,988	-	-	483,843
Lease liability	-	-	-	46,364	46,364
Due to related party	92,139			2,303	94,442
Interest payable				19,013	19,013
Accounts payable				86,780	86,780
Notes payable	185,704		100,000		285,704
Redeemable preference shares	33,651				33,651
Total interest bearing liabilities	2,258,801	843,325	179,138	158,320	3,439,584
Total interest sensitivity gap	(1,776,398)	648,234	672,685	615,581	160,102
Cumulative interest sensitivity gap	(1,776,398)	(1,128,164)	(455,479)	160,102	

25. Financial Risk Management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
31 March 2019					
Financial assets					
Cash and cash equivalents	-	14,587	-	473,535	488,122
Loans and notes receivable	293,799	822,568	140,103	-	1,256,470
Investment securities	205,543	236,869	1,010,014	17,579	1,470,005
Accounts receivable	-	-	-	29,009	29,009
Due from related party	-	-	-	2,282	2,282
Total interest earning assets	499,342	1,074,024	1,150,117	522,405	3,245,888
31 March 2019					
Financial liabilities					
Customer deposits	1,468,762	498,207	25,279	-	1,992,248
Securities sold under agreements to	233,597	297,708	-	-	531,305
Owed to ultimate parent company	-	40,542	-	57,440	97,982
Accounts payable	-	-	-	59,039	59,039
Notes payable	223,701	-	100,000	-	323,701
Redeemable preference shares	33,785	-	-	-	33,785
Total interest bearing liabilities	1,959,845	836,457	125,279	116,479	3,038,060
Total interest sensitivity gap	(1,460,503)	237,567	1,024,838	405,926	207,828
Cumulative interest sensitivity gap	(1,460,503)	(1,222,936)	(198,098)	207,828	

	The Company				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Non - Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
31 March 2020					
Financial assets					
Cash	212	-	-	-	212
Accounts receivable	-	-	-	7,254	7,254
Total interest earning assets	212	-	-	7,254	7,466
Financial liabilities					
Owed to ultimate parent company	-	-	-	51,758	51,758
Accounts payable	-	-	-	1,782	1,782
Total interest bearing liabilities	-	-	-	53,540	53,540
Total interest sensitivity gap	212	-	-	(46,286)	(46,074)
Cumulative interest sensitivity gap	212	-	-	(46,074)	

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements

31 March 2020

25. Financial Risk Management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Non - Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
31 March 2019					
Financial assets					
Cash	212	-	-	-	212
Accounts receivable	-	-	-	3,772	3,772
Total interest earning assets	212	-	-	3,772	3,984
Financial liabilities					
Owed to ultimate parent company	-	-	-	47,448	47,448
Accounts payable	-	-	-	1,772	1,772
Total interest bearing liabilities	-	-	-	49,220	49,220
Total interest sensitivity gap	212	-	-	(45,448)	(45,236)
Cumulative interest sensitivity gap	212	-	-	(45,236)	

Sensitivity to interest rate movements

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's 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 income 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 variables, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

The Group			The Group		
31 March 2020			31 March 2019		
Change in basis points:	Effect on Net Profit	Effect on Equity	Change in basis points:	Effect on Net Profit	Effect on Equity
	$'000	$'000		$'000	$'000
-100	(460)	30,603	-100	(442)	21,240
100	460	(28,881)	100	884	(40,242)

25. Financial Risk Management (continued)

(e)(i) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group'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 Group's operations.

The Group's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Group'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. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- requirement for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of control and procedures;
- requirement for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of a contingency plan;
- risk mitigation, including insurance where this is effective.

Compliance with the Group'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 significant component of operational risk that has become increasingly prevalent in the business environment and that affects the operations of the Group, is technology and information security risk.

(e) (ii) Cyber Risk and IT Governance Security

The Group 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 Group'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.

25. Financial Risk Management (continued)

(e) (ii) Cyber Risk and IT Governance Security (continued)

The Group has adopted a proactive, enterprise-wide approach and 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. Specifically, cybersecurity risk is managed and monitored using a separate risk dashboard and a cybersecurity response plan is in place to manage cyber-attacks. These controls are 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 Group standards is supported by a programme of periodic reviews undertaken by Internal Audit.

(e)(iii) ***Business continuity***

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

The objectives of the Group's BCP are to:

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

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

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

A proactive approach is being taken to manage the risk of COVID-19 in the workspace. The Group 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 Group has since documented and communicated to key stakeholders its 'return to work' strategies which includes workplace readiness for re-entry.

26. Capital Management

Regulatory capital

The Group's lead regulator, the Central Bank of Trinidad and Tobago, sets and monitors capital requirements for the Company and its subsidiaries. In implementing current capital requirements, the Central Bank of Trinidad and Tobago requires that the Company and its banking subsidiaries maintain a prescribed ratio of total capital to total risk-weighted assets.

The Group's regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, retained earnings and statutory reserve, after deductions for intangible assets and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

- Tier 2 capital, which includes qualifying subordinated liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale. Various limits are applied to elements of the capital base. Tier 1 capital comprises equity and disclosed reserves. These capital elements are considered core because they are either: (i) permanent in nature, or (ii) available to absorb losses while the institution remains a going concern. Qualifying tier 2 capital cannot exceed tier 1 capital. There are also restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised, and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group and the individually regulated subsidiaries complied with all externally imposed capital requirements throughout the year.

The Central Bank has communicated its intention to replace the existing capital management framework by implementing Basel II and some aspects of the Basel III framework in 2018.

Management is of the view that the Group will comply with the new capital adequacy requirements, based on the results of a series of quantitative impact studies (QIS) conducted by the Central Bank.

The Group's approach to capital management has been consistent with that of prior years.

The regulated companies within the group with prescribed capital requirements are Jamaica Money Market Brokers (Trinidad and Tobago) Limited, (JMMB TT Group), JMMB Bank T&T Limited and its subsidiary (JMMB Bank Group), JMMB Investments (Trinidad and Tobago) Limited and JMMB Securities (T&T) Limited.

26. Capital Management (continued)

Regulatory capital (continued)

	JMMB (TT) Group	JMMB (TT) Group	JMMB Bank Group	JMMB Bank Group
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Tier 1 capital	305,288	262,082	214,784	209,035
Tier 2 capital	88,354	107,177	114,943	100.952
Total regulatory capital	393,642	369,259	329,727	309.987
Risk-weighted assets:				
Loans and advances, investment securities and other assets, being total risk-weighted assets	1,944,859	1,641,046	1,758,016	1,370.116
Market risk capital requirement	89,283	126,571	25,001	32.818
	2,034,142	1,767,617	1,783,017	1,402.934
Ratio of total regulatory capital to risk weighted assets - Actual	12.86%	11.46%	15.92%	17.41%
Ratio of total tier 1 capital to risk-weighted assets - Actual	15.01%	14.83%	12.05%	14.90%

27. Fair Value of Financial Instruments

(a) Definition and measurement of fair values

The Group'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 Group 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 Group 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.

27. Fair Value of Financial Instruments (continued)

(a) Definition and measurement of fair values (continued)

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 accounting classification of financial assets and financial liabilities and their fair values.

Where the carrying amounts of financial assets and financial liabilities are measured at fair value, their levels in the fair value hierarchy are also shown. Where the carrying amounts of financial assets and financial liabilities 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.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited
Notes to the Financial Statements
31 March 2020
(expressed in Trinidad and Tobago dollars unless otherwise indicated)

27. Fair Value of Financial Instruments (continued)

(b) Accounting classifications and fair values (continued)

The Group
31-Mar-20

	Amortised Cost	Fair Value through Other Comprehensive Income (FVOCI)	Fair Value through Profit & Loss (FVTPL)	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value								
Government of Trinidad and	-	377,397	-	377,397	207,836	169,561	-	377,397
Other sovereign	-	122,709	-	122,709	122,369	-	340	122,709
Corporate bonds	-	602,288	66,489	668,777	295,291	215,364	158,122	668,777
Quoted and unquoted equities	-	12,685	1044	13,729	1652	-	12,077	13,728
	-	1,115,079	67,533	1,182,612	627,148	384,925	170,539	1,182,612
Financial assets not measured at fair value								
Cash and cash equivalents	703,361	-	-	703,361				
Interest receivable	33,232			33,232				
Loans and notes receivable	1,646,262	-	-	1,646,262				
Accounts receivable	24,387	-	-	24,387				
Reverse repurchase agreement	9,832	-	-	9,832				
	2,417,074	-	-	2,417,074				
Financial liabilities not measured at fair value								
Customer deposits	2,389,787	-	-	2,389,787				
Securities sold under agreements to	483,843	-	-	483,843				
Lease liability	46,364	-	-	46,364				
Interest payable	19,013	-	-	19,013				
Accounts payable	86,780	-	-	86,780				
Due to related party	94,442	-	-	94,442				
Redeemable preference shares	33,651	-	-	33,651				
Notes payable	285,704	-	-	285,704				
	3,439,584	-	-	3,439,584				

Jamaica Money Market Brokers (Trinidad and Tobago) Limited
Notes to the Financial Statements
31 March 2020
(expressed in Trinidad and Tobago dollars unless otherwise indicated)

27. Fair Value of Financial Instruments (continued)

(b) Accounting classifications and fair values (continued)

	The Group								
	31 March 2019								
	Amortised cost	Fair value though other comprehensive income	Fair value Through Profit & Loss	Other Liabilities	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value									
Government of Trinidad and Tobago securities	-	455,527	-	-	455,257	279,891	175,366	-	455,257
Other sovereign	-	175,655	-	-	175,655	175,291	-	364	175,655
Corporate bonds	-	755,418	66,096	-	821,514	324,482	402,432	94,600	821,514
Quoted and unquoted equities	-	17,579	-	-	17,579	612	-	16,967	17,579
	-	1,403,909	66,096	-	1,470,005	780,276	577,798	111,931	1,470,005
Financial assets not measured at fair value									
Cash and cash equivalents	488,122	-	-	-	488,122				
Loans and notes receivable	1,256,470	-	-	-	1,256,470				
Interest receivable	27,038				27,038				
Accounts receivable	29,009	-	-	-	29,009				
	1,800,639	-	-	-	1,800,639				
Financial liabilities not measured at fair value									
Customer deposits	1,992,248	-	-		1,992,248				
Securities sold under agreements to repurchase	531,305	-	-		531,305				
Owed to ultimate parent company	97,982	-	-		97,982				
Interest payable	14,200				14,200				
Accounts payable	59,039	-	-		59,039				
Loan payable	323,701	-	-		323,701				
Redeemable preference shares	33,785	-	-		33,785				
	3,052,260	-	-		3,052,260				

Jamaica Money Market Brokers (Trinidad and Tobago) Limited
Notes to the Financial Statements
31 March 2020
(expressed in Trinidad and Tobago dollars unless otherwise indicated)

27. Fair Value of Financial Instruments (continued)

(b) Accounting classifications and fair values (continued)

The following table presents the changes in Level 3 instruments for the year ended 31 March 2020.

	The Group Total $'000
Opening balance	111,931
Additions	67,993
Disposals	-
Fair value losses	(9,385)
Closing balance	170,539

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

	The Group Total $'000
Opening balance	45,546
Additions	66,407
Fair value losses	(22)
	-
Closing balance	111,931

	The Company 31 March 2020				
	Loan and Receivables $'000	Fair value through other comprehensive income $'000	Fair Value Through Profit & Loss $'000	Other Liabilities $'000	Total $'000
Financial assets not measured at fair value					
Cash and cash equivalents	212	-	-	-	212
Accounts receivable	7,254	-	-	-	7,254
	7,466	-	-	-	7,466
Financial liabilities not measured at fair value					
Owed to parent company	-	-	-	51,758	51,758
Accounts payable	-	-	-	1,782	1,782
	-	-	-	53,540	53,540

27. Fair Value of Financial Instruments (continued)

(b) Accounting classifications and fair values (continued)

	The Company				
	31 March 2019				
	Loan and Receivables $'000	Fair value through other comprehensive income $'000	Fair Value Through Profit & Loss $'000	Other Liabilities $'000	Total $'000
Financial assets not measured at fair value					
Cash and cash equivalents	212	-	-	-	212
Accounts receivable	3,772	-	-	-	3,772
	3,984	-	-	-	3,984
Financial liabilities not measured at fair value					
Owed to parent company	-	-	-	47,448	47,448
Accounts payable	-	-	-	1,772	1,772
	-	-	-	49,220	49,220

(c) Fair value measurement:

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

	Financial Instrument	Fair value estimation technique
(i)	Cash and cash equivalents, other receivables, accounts payable, and repurchase agreements	Considered to approximate their carrying values, due to their short-term nature
(ii)	Quoted equities	Quoted market bid prices.
(iii)	Non-Trinidad and Tobago sovereign bonds and corporate bonds	Estimated using bid-prices published by major overseas brokers
(iv)	Government of Trinidad and Tobago securities:	
	• Eurobonds	Estimated using bid-prices published by major overseas brokers.
	• Other	Estimated using mid-market prices published by Bloomberg.
(v)	Interest in money market funds	Considered to be the carrying value because of the short-term nature and variable interest rate.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements
31 March 2020
(expressed in Trinidad and Tobago dollars unless otherwise indicated)

27. Fair Value of Financial Instruments (continued)

(c) Fair value measurement (continued):

(vi)	Loans and notes receivable	The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans the carrying value is assumed to be equal to their fair value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values as the impact of credit risk is recognised separately by deducting the amount of the provisions for credit losses from both book and fair values.
(vii)	Demand deposits and other accounts with no specific maturity	Considered to be the amount payable on demand on the reporting date.
(viii)	Deposits and other liabilities maturing after one year	Discounting future cash flows using reporting date yields of similar investments.

28. Contingencies and Commitments

(a) Litigation

As at 31 March 2020, there was one legal proceeding outstanding against the Group. Based on legal advice, the directors do not expect the outcome of that action to have material impact on the Group's financial position and as such no provisions were required (2019: NIL).

(b) Credit Commitments

As at 31 March 2020, the Group's credit commitments were as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Undrawn commitments for loans and advances	79,190	108,942
Loan and advances approved pending finalisation of documents	41,575	79,995

29. Operating Segment

The Group has the following four strategic business lines, which are reportable segments. These divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure.

Reportable segments	Operations
Retail	Loans, deposits and other transactions and balances with retail customers
Corporate/Commercial	Loans, deposits and other transactions and balances with corporate/commercial customers
Treasury management, investment banking and Portfolio management	FX trading, liquidity management and investment banking services including corporate finance, and specialised financial trading and funding management backed by investment securities
Bond Trading	Trading of investment securities
Equity Trading	Commissions earned on equity trading on behalf of customers and on proprietary book
Other Functions	All other revenue and support functions within the Group

Jamaica Money Market Brokers (Trinidad and Tobago) Limited
Notes to the Financial Statements
31 March 2020
(expressed in Trinidad and Tobago dollars unless otherwise indicated)

29. Operating Segment (continued)
JMMB TT Group

Consolidated

	Retail	Corporate/ Commercial	Treasury & Portfolio Management	Bond Trading	Equity Trading	Other Functions	Total
	$'000	$'000	$'000			$'000	$'000
Year ended March 31, 2020							
Income	52,502	75,854	44,381	8,472	5,536	13,038	199,783
Operating expenses	(61,311)	(26,154)	(6,002)	-	(2,695)	(79,776)	(175,938)
Profit before taxation	**(8,809)**	**49,700**	**38,829**	**8,472**	**2,841**	**(66,738)**	**23,845**
Segment assets	**217,650**	**1,495,627**	**1,876,877**	**-**	**12,115**	**118,218**	**3,720,487**
Segment liabilities	**1,105,763**	**484,937**	**1,720,772**	**74,032**	**23,290**	**41,542**	**3,450,336**

	Retail	Corporate/ Commercial	Treasury & Portfolio Management	Bond Trading	Equity Trading	Other Functions	Total
	$'000	$'000	$'000			$'000	$'000
Year ended March 31, 2019							
Income	14,095	73,170	70,174	3,893	5,135	1,751	168,218
Operating expenses	(37,811)	(11,649)	(640)	-	(1,992)	(80,323)	(132,415)
Profit before taxation	**(23,716)**	**61,521**	**69,534**	**3,893**	**3,143**	**(78,572)**	**(35,803)**
Segment assets	**435,992**	**873,363**	**1,908,818**	**-**	**12,338**	**97,628**	**3,328,139**
Segment liabilities	**478,910**	**794,812**	**590,387**	**74,327**	**13,521**	**1,109,004**	**3,060,961**

30. Significant Accounting Policies

Except for the changes explained in note 26, the Group has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements combine the financial position, results of operations and cash flows of the company and its subsidiaries (Note 1), subject to the elimination described at Note 27 (b)(ii).

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

30. Significant Accounting Policies (continued)

(a) Basis of consolidation (continued)

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses and income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment of the Group's interest.

(iii) Business combinations

The Group uses the acquisition method of accounting for business combinations when control is transferred to the Group. The cost of acquisition is measured as the fair value of the consideration paid (i.e., assets given, equity instruments issued and liabilities incurred or assumed) at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill; such goodwill is tested annually for impairment. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is immediately recognized in profit or loss.

(b) Foreign currency translation

(i) Functional and presentation currency

The consolidated 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.

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

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

30. Significant Accounting Policies (continued)

(b) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

All resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

(c) 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 Group 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 Group 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.

30. Significant Accounting Policies (continued)

(c) 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 entity 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 Group commits to purchase or sell the asset.

At initial recognition, the Group 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.

(a) 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 difference is recognised as a gain or loss.

(i) Financial assets

Classification and subsequent measurement

The Group has applied 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.

30. Significant Accounting Policies (continued)

(c) 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 Group's business model for managing the asset; and
(j) the cash flow characteristics of the asset.

Based on these factors, the Group 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 22(ii). 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 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.

30. Significant Accounting Policies (continued)

(c) 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 Group manages the assets in order to generate cash flows. That is, whether the Group'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 Group in determining the business model for a group 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 Group 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 Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group 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 Group 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.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Financial Statements
31 March 2020
(expressed in Trinidad and Tobago dollars unless otherwise indicated)

30. Significant Accounting Policies (continued)

(c) 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 Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group'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 Group's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in the 'Net trading income' line in the statement of profit or loss.

(ii) Impairment

The Group 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 Group 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 19.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 Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

30. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

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

The Group 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 Group:

(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 Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group 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 Group 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 Group 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.

30. Significant Accounting Policies (continued)

(c) 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.

(v) Specific financial instruments

a. Cash and cash equivalents

Cash comprises cash in hand, demand and call deposits with banks and very short-term balances with broker/dealers. Cash equivalents are short-term, highly liquid 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.

b. Loans and notes receivable and accounts receivable

Loans and notes receivable and accounts receivable are stated at amortised cost less allowance for impairment.

c. Investment securities

Investment securities are classified, recognised/derecognised and measured in the manner set out for financial assets under "General" in this note above.

d. Resale and repurchase agreements

Transactions involving purchases of securities under resale agreements ('resale agreements' or reverse repos') or sales of securities under repurchase agreements ('repurchase agreements' or 'repos) are accounted for as short-term collateralised lending and borrowing, respectively. Accordingly, securities sold under repurchase agreements remain on the statement of financial position and are measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost. Securities purchased under resale agreements are reported not as purchases of the securities, but as receivables and are carried in the statement of financial position at amortised cost. It is the policy of the Group to obtain possession of collateral with a market value in excess of the principal amount loaned under resale agreements.

Interest earned on resale agreements and interest incurred on repurchase agreements is recognised as interest income and interest expense, respectively, over the life of each agreement using the effective interest method.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited
Notes to the Financial Statements
31 March 2020
(expressed in Trinidad and Tobago dollars unless otherwise indicated)

30. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

(ii) Specific financial instruments (continued)

e. Interest-bearing borrowings

Interest-bearing borrowings (other than, when applicable, repos) are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, with any difference between cost and redemption being recognised in the income statement over the period of the borrowings on an effective interest basis.

f. Deposits

Deposits are recognised initially at the nominal amount when funds are received. Deposits are subsequently stated at amortised cost using the effective interest method.

g. Accounts payable
Accounts payable are stated at their amortised cost.

h. Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Common shares 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.

(d) Property, plant and equipment

Property, plant and equipment are stated 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 Group 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, with the exception of capital work-in progress, on which no depreciation is provided, 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 rates are as follows:

Leasehold improvements	The shorter of the estimated useful life and the period of the lease
Computer equipment	25%
Other equipment, furniture and fittings	10% - 20%

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

30. Significant Accounting Policies (continued)

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs meeting the criteria of IAS 38, are not capitalised and the expenditure is charged to profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period for an intangible asset with a finite useful life is reviewed at a minimum at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

i. Trade mark

Trade mark is carried at cost, less accumulated amortisation and impairment losses. Amortisation is charged on the straight-line basis over the useful lives of the assets at a rate of 25% per annum.

ii. Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets acquired, net of liabilities and contingent liabilities assumed. When the excess is negative ("negative goodwill"), it is recognised immediately in profit or loss. Goodwill is measured at cost less accumulated impairment losses.

iii. Customer relationships

Acquired customer lists are measured initially at historical cost. Customer lists have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the expected retention period within the Group, which approximates 12 years.

iv. Banking and Non-banking Licenses

The banking and securities Licence acquired for JMMB Bank (T&T) Limited and JMMB Securities (T&T) Limited, which have indefinite useful lives. These are tested for impairment annually, and whenever there is an indication that the asset may be impaired, the carrying amount is reduced to the recoverable amount.

v. Other intangibles

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

30. Significant Accounting Policies (continued)

(f) Impairment

The carrying amounts of the Group's assets, except for deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the Group's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss, but through other comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited

30. Significant Accounting Policies (continued)

(g) Taxation

Taxation comprises current and deferred income tax.

Current income 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 income tax is calculated at tax rates that have been enacted at the date of the statement of financial position.

Deferred income 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 as income tax expense or benefit in arriving at profit or loss for the year, except where they relate to items recorded in other comprehensive income, in which case they are charged or credited to other comprehensive income.

(h) Revenue recognition

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

(i) Interest income calculated using effective interest method

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.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited
Notes to the Financial Statements
31 March 2020
(expressed in Trinidad and Tobago dollars unless otherwise indicated)

30. Significant Accounting Policies (continued)

(i) Interest expense

Interest expense is recognised in profit or loss as it accrues over the term of the liability, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability. The effective interest rate is established on initial recognition of the financial liability and is not revised subsequently. Interest expense includes coupons paid on fixed rate liabilities, plus accretion of discount and amortisation of premium on instruments issued at other than par.

(j) Leases – where the Group is the lessee

The Group 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 Group 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 Group 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 Group 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 Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group 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 Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group 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.

30. Significant Accounting Policies (continued)

(j) Leases – where the Group is the lessee (continued)

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group 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 other office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

30. Significant Accounting Policies (continued)

(k) ***New standards, amendments and interpretations not yet effective***

There are a number of accounting standards that have been issued by the International Accounting Standards Board (IASB), but which are not yet effective for the year ended March 31, 2020. The Group does not plan on early adoption of these standards, these include:

- 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 Group is assessing the impact that the amendments will have on its 2021 financial statements.

- 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 group 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 Group is assessing the impact that the amendments will have on its 2021 financial statements.

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

- 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 Group is assessing the impact that the amendment will have on its 2022 or 2023 financial statements.

Jamaica Money Market Brokers (Trinidad and Tobago) Limited
Notes to the Financial Statements
31 March 2020
(expressed in Trinidad and Tobago dollars unless otherwise indicated)

31. Events after the Reporting Period

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

Jamaica Money Market Brokers (Trinidad and Tobago) Limited
Notes to the Financial Statements
31 March 2020
(expressed in Trinidad and Tobago dollars unless otherwise indicated)

GLOSSARY

IFRS	International Financial Reporting Standards	Standardized accounting standards across international boundaries
IASB	International Accounting Standards Board	Independent account standard-setting body of the IFRS Foundation
FVOCI	Fair value through other comprehensive income	Comprising items of income and expense that are not recognised in profit or loss
FVTPL	Fair value through profit and loss	Comprising items of income and expense that are recognised in profit or loss
ECL	Expected Credit Losses	Measurement of expected credit losses that result from default of financial assets e.g. loans and investments
SICR	Significant increase in credit risk	Significant change in estimated default risk
PD	Probability of default	The likelihood of failure by borrower to repay debt
EAD	Exposure at default	The total value a bank is exposed to when a counterparty defaults
IG	Investment grade	A level of credit rating for counterparties and issues regarded as carrying a minimal risk to investors
LGD	Loss given default	The loss incurred by a financial institution when a borrower defaults on a loan
VaR	Value at Risk	Tool used to measure and control market risk exposures within a firm, portfolio or position over a specified time
Bp	Basis point	Used in expressing differences of interest rates
BCP	Business continuity plan	Process involved in creating a system of prevention and recovery from potential threats to a company
POCI	Purchased or originated credit-impaired	Assets that are credit impaired at initial recognition/purchase
SPPI	Solely payments of principal and interest	Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payments of principal and interest
ROU	Right of Use Asset	The lessees right to use an asset over the life of a lease