Bourse Securities Limited

Unconsolidated financial statements

For the year ended December 31, 2021

Bourse Securities Limited

Unconsolidated Financial Statements
For the year ended December 31, 2021
(Expressed in Trinidad and Tobago Dollars)

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Bourse Securities Limited

Statement of Management's Responsibilities
For the year ended December 31, 2021

Management is responsible for the following:

- Preparing and fairly presenting the accompanying unconsolidated financial statements of Bourse Securities Limited, ('the Company') which comprise the unconsolidated statement of financial position as at December 31, 2021, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows for the year then ended, and a summary of 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; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

Rhonda Donatien

Senior Manager, Accounting and Financial Control

March 22, 2022

Managing Director

March 22, 2022

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Port-Of-Spain
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Independent Auditors' Report

To the Shareholders of
Bourse Securities Limited

Opinion

We have audited the unconsolidated financial statements of Bourse Securities Limited, (the "Company") which comprise the unconsolidated statement of financial position as at December 31, 2021, the related unconsolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and the accompanying notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and of 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the unconsolidated 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.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the 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 auditor's report to the related disclosures in the unconsolidated 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 auditor's 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO

March 22, 2022

Port of Spain
Trinidad and Tobago

Bourse Securities Limited

Unconsolidated Statement of Financial Position
As at December 31, 2021
(Expressed in Trinidad and Tobago Dollars)

	Notes	2021	2020
ASSETS			
Cash and cash equivalents	4	42,794,348	57,601,176
Financial assets at fair value through other comprehensive income ("FVTOCI")	5	328,370,434	171,478,153
Financial assets at fair value through profit or loss ("FVTPL")	5	32,235,915	26,780,795
Financial assets at amortised cost	6	66,055,563	65,322,775
Other receivables	9	2,591,869	2,475,176
Due from subsidiaries	11	401,988,244	418,347,986
Total current assets		874,036,373	742,006,061
Property and equipment	7	9,761,668	864,499
Right of use assets	7.1	427,404	1,453,270
Intangible assets	8	59,180	219,973
Investment in subsidiaries	10	11,562,220	10,479,896
Deferred tax asset	13.1	16,030,113	13,461,037
Total non-current assets		37,840,585	26,478,675
Total assets		**$911,876,958**	**$768,484,736**
LIABILITIES AND EQUITY			
Taxation payable		1,010	714
Repurchase agreements and promissory notes	14	711,676,043	588,719,514
Other liabilities	15	14,973,690	6,565,751
Option liability	17	1,402,804	889,944
Total current liabilities		728,053,547	596,175,923
Deferred tax liability	13.2	3,137,076	2,151,427
Lease liability	16	427,404	1,453,270
Total non-current liabilities		3,564,480	3,604,697
Total liabilities		731,618,027	599,780,620
Shareholders' equity			
Share capital	19	26,700,000	26,700,000
Retained earnings		150,688,616	139,120,248
Revaluation reserve	20	2,870,315	2,883,868
Total shareholders' equity		180,258,931	168,704,116
Total liabilities and shareholders' equity		**$911,876,958**	**$768,484,736**

The accompanying notes form an integral part of these unconsolidated financial statements.

On March 22, 2022, the Board of Directors of Bourse Securities Limited authorised these unconsolidated financial statements for issue.

_______________ Director   _______________ Director

Bourse Securities Limited

Unconsolidated Statement Comprehensive Income
For the year ended December 31, 2021
(Expressed in Trinidad and Tobago Dollars)

	Notes	2021	2020
Interest income and interest expense			
Interest income	22	39,117,400	34,148,165
Interest expense	22	(20,078,164)	(16,101,788)
Net interest income		**19,039,236**	**18,046,377**
Other income			
Unrealised gain on financial assets at FVTPL (net of deferred taxes)	23	3,428,299	-
Fee and commission income	24	6,665,563	6,404,558
Dividend income	25	430,797	216,392
Other operating income	26	5,147,167	1,754,682
Total other income		**15,671,826**	**8,375,632**
Total operating income		**34,711,062**	**26,422,009**
Non-interest expenses			
Unrealised loss on financial assets at FVTPL (net of deferred taxes)	23	-	(656,175)
Provision for expected credit loss ("ECL") on financial assets		(1,029,020)	(105,192)
Personnel costs	27	(7,867,004)	(7,285,902)
Depreciation and amortisation	7,8	(932,649)	(1,261,696)
Other expenses	28	(4,831,679)	(4,015,420)
Total non-interest expenses		**(14,660,352)**	**(13,324,385)**
Profit before tax		**20,050,710**	**13,097,624**
Taxation credit	29	2,466,537	3,896,543
Profit for the year after tax		**22,517,247**	**16,994,167**
Other comprehensive income ("OCI"), net of taxes			
Items that will not be reclassified subsequently to profit or loss:			
Unrealised gain/(loss) on investments in equity instruments designated at FVTOCI		563,505	(374,183)
Realised gains on investments in equity instruments designated as FVTOCI		44,039	-
Amortisation of premium on debt instruments designated as FVOCI		(10,727)	-
Items that may be reclassified subsequently to profit or loss:			
Unrealised (loss)/gain on debt instruments designated as FVTOCI (net of taxes)		(1,547,598)	1,120,579
Provision for ECL on financial assets at FVOCI		981,267	124,829
Other comprehensive income for the year, net of taxes		**30,486**	**871,225**
Total comprehensive income for the year		**$22,547,733**	**$17,865,392**

The accompanying notes form an integral part of these unconsolidated financial statements.

Bourse Securities Limited

Unconsolidated Statement of Changes in Equity
For the year ended December 31, 2021
(Expressed in Trinidad and Tobago Dollars)

	Notes	Share Capital	Revaluation reserve	Retained earnings	Total shareholder's equity
Balance as at January 1, 2021		26,700,000	2,883,868	139,120,248	168,704,116
Profit for the year after tax			-	22,517,247	22,517,247
Other comprehensive loss		-	30,486	-	30,486
Total comprehensive income		-	30,486	22,517,247	22,547,733
Transfer of realised gain on investments in equity instruments designated as FVTOCI from OCI to retained earnings		-	(44,039)	44,039	-
Dividends	21	-	-	(10,992,918)	(10,992,918)
Balance as at December 31, 2021		**$26,700,000**	**$2,870,315**	**$150,688,616**	**$180,258,931**
Balance as at January 1, 2020		26,700,000	1,656,495	125,846,237	154,202,732
Profit for the year after tax		-	-	16,994,167	16,994,167
Other comprehensive income		-	871,225		871,225
Total comprehensive income		-	871,225	16,994,167	17,865,392
Transfer of realised loss on investments in equity instruments designated as FVTOCI from OCI to retained earnings		-	356,148	(356,148)	-
Dividends	21	-	-	(3,364,008)	(3,364,008)
Balance as at December 31, 2020		**$26,700,000**	**$2,883,868**	**$139,120,248**	**$168,704,116**

The accompanying notes form an integral part of these unconsolidated financial statements.

Bourse Securities Limited

Unconsolidated Statement of Cash Flows
For the year ended December 31, 2021
(Expressed in Trinidad and Tobago Dollars)

	Notes	2021	2020
Cash flows from operating activities			
Profit before tax		20,050,710	13,097,624
Adjustments to reconcile profit before taxation to net cash provided by operating activities			
Interest income		(39,318,791)	(7,186,026)
Dividend income		(430,797)	-
Interest expense		20,078,164	-
Realised gains on financial assets		(2,781,669)	(517,314)
Unrealised gain on financial assets at FVTPL (net of deferred taxes)		(3,428,299)	(439,317)
ECL on financial assets at FVTOCI & amortised cost		1,029,020	-
Bond premiums written off		201,391	136,608
Net gains on foreign exchange revaluation		-	(14,807)
Finance charge on ROU assets		334,986	94,613
Depreciation and amortisation		932,649	1,261,696
Operating profit before working capital changes		**(3,332,636)**	**6,433,078**
Movements in working capital:			
Net increase in other receivables		(116,693)	(2,111,271)
Net increase in repurchase agreements and promissory notes		122,956,529	13,846,147
Net increase/(decrease) in other liabilities		8,407,939	(1,299,966)
Net decrease in due from subsidiaries		16,359,742	61,736,735
Cash generated from operations		**144,274,881**	**7,860,4723**
Interest received		36,938,795	2,726,854
Dividends received		430,797	-
Interest paid		(20,413,150)	(9,403,117)
Tax paid net of refunds		(240,128)	(237,535)
Net cash generated from operating activities		**160,991,195**	**78,212,345**
Cash flows from investing activities			
Purchase of financial assets		(192,201,382)	(163,703,830)
Disposal proceeds from financial assets		37,860,131	106,620,693
Net movement on loans and receivables		-	(20,532,351)
Purchase of property and equipment		(9,390,609)	(202,493)
Purchase of investment in subsidiary		(1,082,324)	-
Purchase of intangible assets		-	(121,940)
Net cash used in investing activities		**(164,814,183)**	**(78,212,345)**
Cash flows from financing activities			
Payment of principal portion on lease		-	(746,602)
Payment of finance charge on lease		-	(94,613)
Dividends paid	20	(10,992,918)	(3,364,008)
Net cash used in financing activities		**(10,992,918)**	**(4,205,223)**
Net change in cash and cash equivalents		(14,815,906)	4,781,119
Effect of change in foreign exchange		9,078	(3,762)
Cash and cash equivalents at the beginning of the year		57,601,176	52,823,819
Cash and cash equivalents at the end of the year	4	**$42,794,348**	**$57,601,176**

The accompanying notes form an integral part of these unconsolidated financial statements.

1. Incorporation and business activities

Bourse Securities Limited (the 'Company') was incorporated in the Republic of Trinidad and Tobago on June 8, 1995 and commenced operations on January 2, 1996. The Company was continued under the provisions of The Companies Act 1995 on April 16, 1999. Its principal activities are dealing and trading in financial securities and the provision of investment management and advisory services. Its registered office is 1st Floor, 24 Mulchan Seuchan Road, Chaguanas.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

These unconsolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The unconsolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These unconsolidated financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets at fair value.

(a) Use of estimates

The preparation of unconsolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the unconsolidated financial statements are disclosed in Note 3.

(b) New standards, amendments and interpretations which are effective and have been adopted by the Company

The Company adopted the following amendments with a transition date of January 1, 2021. There were no significant changes made to these unconsolidated financial statements resulting from the adoption of this amendment.

In August 2020, the IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. These amendments complement those made in 2019 ('IBOR - phase 1') and focus on the effects on entities when an existing interest rate benchmark is replaced with a new benchmark rate as a result of the reform.

(c) New standards, amendments and interpretations issued but not effective and not early adopted

The following new standards, interpretations and amendments, which have not been applied in these unconsolidated financial statements, will or may have an effect on the Company's future unconsolidated financial statements in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the note below.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) New standards, amendments and interpretations issued but not effective and not early adopted (continued)

- In May 2020, the IASB issued the following, which are effective for annual reporting periods beginning on or after January 1, 2022:
  - minor amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture* and the Illustrative Examples accompanying IFRS 16 *Leases*.
  - amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - amendments to IAS 37, which specify the costs a company includes when assessing whether a contract will be lossmaking and is therefore recognised as an onerous contract. These amendments are expected to result in more contracts being accounted for as onerous contracts because they increase the scope of costs that are included in the onerous contract assessment.
  - amendments to IAS 16, which prohibit a company from deducting amounts received from selling items produced while the company is preparing the asset for its intended use from the cost of property, plant and equipment. Instead, a company will recognise such sales proceeds and any related costs in profit or loss.
- In January 2020, the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current. The amendments initially had an effective date of January 1, 2022, however, in July 2020 this was deferred until January 1, 2023 as a result of the COVID-19 pandemic. These amendments are expected to have a significant impact on many entities, with more liabilities being classified as current, particularly those with covenants relating to borrowings. The IASB, at its meeting held in June 2021, tentatively decided to amend the requirements in IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year to annual reporting periods beginning no earlier than on or after January 1, 2024.
- In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from ‘significant accounting policies’ to ‘material accounting policy information’. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.
- In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) New standards, amendments and interpretations issued but not effective and not early adopted (continued)

- In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g., a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

Other standards, amendments and interpretations to existing standards in issue but not yet effective are not considered to be relevant to the Company and have not been disclosed.

(d) Standards and amendments to published standards early adopted by the Company

The Company did not early adopt any new, revised or amended standards.

2.2. Foreign currency translation

The Company's unconsolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's unconsolidated financial statements are presented in Trinidad & Tobago dollars.

For the purposes of presenting these unconsolidated financial statements, the assets and liabilities of the Company's foreign currency transactions are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, exchange differences arising, if any, are recognized in profit or loss.

2.3. Property and equipment

Property and equipment mainly comprise building and leasehold improvements, furniture and fixtures, computer and office equipment and motor vehicles, stated at historical cost less depreciation.

Depreciation is provided at rates estimated to write off the assets over their estimated useful lives. The rates used are as follows:

Building and leasehold improvements	-	33% reducing balance
Motor vehicles	-	25% reducing balance
Computer and office equipment	-	25% reducing balance
Furniture and fixtures	-	15% reducing balance

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2. Summary of significant accounting policies (continued)

2.3. Fixed assets (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the statement of profit or loss.

2.4. Intangible assets

Computer software

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortisation is provided at a rate estimated to write off the asset over its estimated useful lives. The rate used is as follows:

Computer software	-	33% reducing balance

2.5. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation.

2.6 . Financial assets

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

2. Summary of significant accounting policies (continued)

2.6 . Financial assets

The Company classifies its financial assets based on the following business models:

- Hold to collect
- Hold to collect and sell
- Not held for trading or
- Hold for trading

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

(i) *Amortised cost* - where the asset is held to collect its contractual cash flows and the cash flows represent solely payments of principal and interest 'SPPI'

(ii) Fair value through other comprehensive income (FVTOCI) - where the financial asset is held in order to both collect contractual cash flows and for sale or where the financial asset is not held for trading.

(iii) Fair value through profit or loss (FVTPL) - where the financial asset does not meet the criteria above with all changes recorded through profit or loss.

(a) Company's business model

The business model reflects how the Company manages the assets in order to generate cash flows. An assessment is made at a portfolio level and includes an analysis of factors such as:

- The stated objective and policies of the portfolio and the operation of those in practice. More specifically whether the Company's objective is solely to collect the contractual cash flows from the assets and cash flows arising from the sale of the assets.
- Past experience on how the cash flows for these assets were collected.
- Determination of performance targets for the portfolio, how evaluated and reported to key management personnel.
- Management's identification of and response to various risks, which includes but not limited to, liquidity risk, market risk, credit risk, interest rate risk.
- Management considers, in classifying its assets, the level of historical sales and forecasted liquidity requirements.
- Arising out of the assessment the portfolios were deemed to have the business models identified as follows:

Hold to Collect	Hold to Collect & Sell	Not Held for Trading	Hold for Trading
Loans and advances	Bonds issued by the Government of Trinidad and Tobago	Equity Investments - Not Actively Traded	Actively Traded Equities Portfolio
Cash and short-term funds	Bonds issued by State Owned Entities		Fixed / Floating NAV Funds
Cash and cash equivalents	Eurobonds Corporate Bonds		Actively Traded Bonds

2. Summary of significant accounting policies (continued)

2.6 . Financial assets (continued)

(b) *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.

Classification and subsequent measurement of debt instruments depend on:

(i) the Company's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.

Assets that do not meet the criteria for amortised cost or FVTOCI 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 "income statement" within "Unrealised gains from investments securities" in the period in which it arises. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

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 (FVTOCI). 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 and loss and recognised in "Net Investment Income". The interest income from these financial assets is included in "interest Income" using the effective interest rate method.

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 2.14.** Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

(c) *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.

The Company subsequently measures all equity investments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. These financial assets are presented within investment securities held to collect and sell. The Company's policy is to designate equity investments as FVTOCI when those investments are held for purposes other than to generate investment returns.

2. **Summary of significant accounting policies (continued)**

2.6 . Financial assets (continued)

(c) *Equity instruments*

When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Gain and losses on equity investments classified as FVTPL are included in the income statement.

(d) *Impairment*

The Company assesses on a forward-looking basis as well as performs historical analysis and identifies the key economic variables impacting credit risk and expected credit losses for each investment within portfolio. The expected credit losses (ECL) is associated with assets carried at amortised cost and FVTOCI and with the exposure arising from debt instruments and loan commitments and financial guarantee contracts.

Assets at amortised cost has its accompanying 'impairment' account presented in the unconsolidated statement of financial position whereas the purchased securities classified as FVTOCI does not have an 'impairment' account on the asset side but instead uses impairment provision account in retained earnings and revaluation reserve. The Company recognises a loss allowance at the date of initial application of IRFS 9 for such losses and subsequently 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 3.e. provides more detail of how the expected credit loss allowance is measured.

<u>Financial liabilities</u>

Classification and subsequent measurement

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

2. Summary of significant accounting policies (continued)

2.6 . Financial assets (continued)

(d) Impairment (continued)

Financial assets at fair value through profit or loss

A financial asset is classified as fair value through profit or loss if is acquired principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as fair value through profit or loss unless they are designated as hedging instruments.

Financial assets are designated at fair value through profit or loss when:

- The designation significantly reduces measurement inconsistencies that would arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- Assets and liabilities that are part of a group of financial assets, financial liabilities or both which are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated at fair value through profit or loss; and
- Financial instruments, such as debt securities held, containing one or more embedded derivatives which significantly modify the cash flows, are designated a fair value through profit or loss.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

2.7. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.8. Other receivables

Other receivables refer to interest receivable on financial assets, management fees due from mutual funds and prepayment of expenses.

2.9. Investment in subsidiaries

The Company's investments in subsidiaries are carried at cost less any impairment losses.

2.10. Current and deferred income taxes

Current tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

2. Summary of significant accounting policies (continued)

2.10. Current and deferred income taxes (continued)

The current income tax charge is calculated on the basis of the tax laws enacted in Trinidad and Tobago. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the unconsolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted in Trinidad and Tobago.

2.11. Repurchase agreements and promissory notes

Repurchase agreements and promissory notes are recognised initially at fair value, inclusive of transaction costs incurred. Repurchase agreements and promissory notes are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the term of the promissory note using the effective interest method. Interest expense is accrued and paid at maturity.

2.12. Share capital

Shares issued for cash are accounted for at the issue price less any transaction costs of the issue. Shares issued as consideration for the acquisition of a business are recorded at the market price on the date of the issue.

2.13. Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the unconsolidated financial statements in the period in which the dividends are approved by the shareholders.

Dividends that are proposed and declared after the year end are disclosed within the subsequent events note to the unconsolidated financial statements.

2. Summary of significant accounting policies (continued)

2.14. Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific, criteria have been met for each of the Company's activities described below.

Interest income is accounted for using the effective interest method.

Dividend income is recognised when the right to receive the dividend is established.

When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

Interest income on impaired loan and receivables is recognised using the original effective interest rate.

The Company earns investment advisory, fund management and distribution fees on the Savinvest range of mutual funds. These fees are based on a fixed percentage of the net asset value of the fund. The fees are accrued as earned on a monthly basis but paid quarterly.

2.15. Leases

In the current year, the Company has applied IFRS 16 - effective for annual periods that begin on or after 1 January 2019. Contingent lease liabilities arising out of lease agreements for the occupancy of business premises are recognised in the period in which they are incurred as presented in **note 7.1** hereunder.

2.16. Retirement benefit

The Company offers a retirement benefit to its employees; this is operated as a defined contribution plan. The assets of the plan are held in a separate trustee-administered fund. The Company's contribution to the defined contribution plan is charged to the statement of profit or loss in the year to which they relate.

2.17. Personnel costs

Personnel costs include wages, salaries, accruals for bonuses and other charges. The Company recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into account the profit attributable to the Company's shareholders after certain adjustments.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

3. Critical accounting estimates and judgements (continued)

3.1 Critical accounting estimates and assumptions (continued)

Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which the determination is made.

In respect of open tax authority examinations, management assesses the probability of an outflow of economic resources being required to settle any current obligation. Where management determines that an outflow is more likely than not a provision for taxation payable will be recorded representing management's best estimate of the resources required to settle the obligation. Where an outflow of resources is determined to be possible, but not probable, a contingent liability will be disclosed but not provided for.

Fair value of financial assets

In the application of the Company's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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.

3.2 Critical judgements in applying the entity's accounting policies

Impairment of financial assets

The Company follows the guidance of IFRS 9 to determine when a financial asset is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

The ECL model applies to financial assets that are not measured at FVTPL, including loans, lease and trade receivables, debt securities, contract assets under IFRS 15 and specified financial guarantees and loan commitments issued. The model uses a dual measurement approach:

- 12 month expected credit losses; or
- Lifetime expected credit losses

3. Critical accounting estimates and judgements (continued)

3.2 Critical judgements in applying the entity's accounting policies (continued)
Impairment of financial assets (continued)

The measurement basis generally depends on whether there has been a significant increase in credit risk since initial recognition.

(a) 12 month ECL is defined as: the portion of a lifetime expected credit losses that represents the expected credit losses that result from a default events on the financial instrument that will result if a default occurs in the 12 months after the reporting date.

(b) Lifetime ECL is defined as the expected credit losses that result from all possible default events over the expected life of the financial instrument and are measured as lifetime expected credit losses to date on which a financial asset becomes credit-impaired. A financial asset is credit-impaired when one or more events have occurred that have a detrimental impact on the expected future cash flows of the financial asset. It includes observable data such as:

- Significant financial difficulty of the issuer or borrower;
- A breach of contract, such as a default or past-due event;
- The lenders for economic or contractual reasons relating to the borrower's financial difficulty granting the borrower a concession that would not otherwise be considered;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for the financial asset because of financial difficulties; or
- The purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

In accordance with IFRS 9, the company in evaluating whether an increase in credit risk is significant, compares the risk of default at initial recognition of an instrument with the risk of default at the reporting date.

(i) *Expected credit loss measurement*

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

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

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

3. Critical accounting estimates and judgements (continued)

3.2 Critical judgements in applying the entity's accounting policies (continued)

(i) *Expected credit loss measurement (continued)*

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward - looking information. Note 3.f.ii hereunder includes an explanation of how the Company has incorporated this in its ECL model.

(ii) *Measuring ECL - Explanation of inputs, assumptions and estimation techniques*

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

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. These are taken from Moody's and S&P default studies.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure factoring in the availability of collateral.

The ECL is determined by multiplying the PD, LGD and EAD after taking into consideration collateral enhancements. The ECL is computed in part by loss given default. Loss given default (and recovery ratings) are usually expressed at a proportion of the notional amount or face value of bonds. The calculation of ECL incorporates forward-looking information as the Company performs historical analysis and identifies the key economic variables impacting credit risk and expected credit losses for each investment within portfolio. PD, EAD, and LGD are based on industry / country specific indicators used for different jurisdictions around the world.

	31-Dec-21				31-Dec-20
	Stage 1 12-month ECL '000	Stage 2 Lifetime ECL '000	Stage 3 Lifetime ECL '000	Total '000	'000
Debt securities at FVTOCI	$319,889	$-	$-	$319,889	$166,191
Included in Revaluation Reserve:					
Opening ECL on FVTOCI	(495)	-	-	(495)	(317)
Movement in ECL	(982)			(982)	(178)
Closing ECL balance	$(1,477)	$-	$-	$(1,477)	$(495)
Debt securities at Amortised Cost	65,706	-	-	65,706	64,952
Opening ECL	(87)	-	-	(87)	(107)
Movement in ECL	(71)	-	-	(71)	20
Closing ECL	(158)	-	-	(158)	(87)
Carrying balance	$65,548	$-	$-	$65,548	$64,865

4. Cash and cash equivalents

	2021	2020
Balances with commercial banks	42,367,772	57,214,708
Money market accounts:		
- Savinvest Mutual Funds	115,392	105,918
- Unit Trust Corporation	141,825	140,751
- First Citizens Investment Services	46,632	19,043
- Guardian Asset Management	59,306	58,377
- Other	63,421	62,379
Cash and cash equivalents	**$42,794,348**	**$57,601,176**

As at December 31, 2021, the Company had an unused overdraft facility of TT$10.9 million and this facility can be drawn down in either TT$ or US$. The rate of interest on the TT$ facility is Repo Rate plus 2.25% with a floor rate 7.50% per annum, while the rate on the US$ facility is 6 month LIBOR plus 5.50%, with a floor of 5.50%.

5. (a) Financial assets at FVTOCI

	2021	2020
Debt securities		
TT dollar bonds		
- Government bonds	133,025,628	40,700,574
- State owned entities	132,500,080	41,843,305
- Corporate bonds	-	46,624,662
US dollar bonds		
- Government bonds	3,465,781	3,848,159
- State owned entities	23,028,260	15,933,283
- Corporate bonds	27,869,074	17,240,933
	319,888,822	166,190,916
Accrued investment income	4,740,023	2,610,919
	324,628,845	168,801,835
Equity securities		
Other listed equity securities	3,741,589	2,676,318
Total	**$328,370,434**	**$171,478,153**

Movement for the year of financial assets at FVTOCI:

	2021	2020
At beginning of year	171,478,153	119,129,467
Additions	178,328,054	157,094,299
Interest received	(11,124,007)	(6,926,723)
Interest income	13,253,111	7,186,026
Write back of ECL provision	23,205	-
Foreign currency changes	48,114	-
(Decrease) increase in fair value	(1,637,402)	1,615,776
Disposals/maturity	(21,998,794)	(106,620,692)
At end of year	**$328,370,434**	**$171,478,153**

Included above are securities set aside as collateral against Repurchase agreements and promissory notes and finance charges to the value of $299.43 million (2020: $153.61 million).

5. (b) Financial assets at FVTPL

	2021	2020
Mutual funds		
Savinvest Capital Growth Mutual Funds:		
- Managed by Bourse Securities Limited	10,374,325	9,296,124
Savinvest India/Asia Fund		
-Managed by Bourse Securities Limited	4,540,455	4,227,107
Bourse Brazil Latin Fund		
-Managed by Bourse Securities Limited	509,184	598,502
	713,591	621,204
Equity securities		
Other listed equity securities	16,811,951	12,659,062
Total	$32,235,915	$26,780,795

Movement for the year of financial assets at FVTPL:

	2021	2020
At beginning of year	26,780,795	27,513,544
Additions	7,685,698	6,609,531
Net increase/(decrease) in fair value	5,181,158	(924,376)
Disposals/ maturity	(7,411,736)	(6,417,904)
At end of year	$32,235,915	$26,780,795

6. Financial assets at amortised cost

	2021	2020
UDeCOTT	19,197,074	21,502,322
Desalcott syndicated loan facility	3,251,307	5,038,998
Government of St Lucia (GOSL)	-	1,292,713
BLAS loan facilities	28,380,369	23,595,692
PERTT (GORTT) loan facility	14,877,500	13,522,300
Accrued Interest	507,594	458,093
ECL provision	(158,281)	(87,343)
	$66,055,563	$65,322,775

The financial assets at amortised cost comprises of the UDECOTT 4.30% facility maturing on November 1, 2028, Desalcott syndicated loan facility at a 6% fixed rate of interest maturing in 2023, PERTT 5.00% loan facility maturing November 26, 2022 and several BLAS loan facilities with terms between 1 to 3 years.

7. Property and equipment

	Building & leasehold improvements	Motor vehicles	Computer & office equipment	Furniture & fixtures	Total
Year ended December 31, 2021					
Cost at beginning of year	495,402	177,700	5,053,612	465,210	6,191,924
Additions	9,173,899	-	214,111	2,598	9,390,608
Transfers and adjustments	(325,538)	-	-	-	(325,538)
Total cost as at December 31, 2021	9,343,763	177,700	5,267,723	467,808	15,256,994
Accumulated depreciation at beginning of year	402,625	146,450	4,427,077	351,273	5,327,425
Depreciation charge for the year	161,643	15,626	290,763	24,562	492,594
Transfers and adjustments	(324,693)	-	-	-	(324,693)
Accumulated depreciation	239,575	162,076	4,717,840	375,835	5,495,326
Net book value	$9,104,188	$15,624	$549,883	$91,973	$9,761,668
Year ended December 31, 2020					
Cost at beginning of year	495,402	177,700	4,870,820	462,509	6,006,431
Additions	-	-	199,792	2,701	202,493
Disposals	-	-	(17,000)	-	(17,000)
Total cost as at December 31, 2020	495,402	177,700	5,053,612	465,210	6,191,924
Accumulated depreciation at beginning of year	332,722	130,824	4,198,058	327,340	4,988,944
Depreciation charge for the year	69,903	15,626	245,387	23,933	354,849
Disposal	-	-	(16,368)	-	(16,368)
Accumulated depreciation	402,625	146,450	4,427,077	351,273	5,327,425
Net book value	$92,777	$31,250	$626,535	$113,937	$864,499

7.1. Right of use assets

	2021	2020
Cost at the beginning of year	2,819,881	2,819,881
Transfers and Adjustments	(1,271,228)	-
Cost at the end of the year	1,548,653	2,819,881
Accumulated amortisation at the beginning of the year	(1,366,611)	(620,009)
Amortisation charge for the year	(279,265)	(746,602)
Transfers and Adjustments	524,627	-
Accumulated amortisation at the end of the year	(1,121,249)	(1,366,611)
Net book value	$427,404	$1,453,270

7.1. Right of use assets (continued)

The Company has entered into lease contracts for the occupation of office premises. The average lease term is 3 years (2020: 3 years) with the option to extend.

The maturity analysis of lease liabilities is presented in Note 16.

Amounts recognised in profit or loss

	2021	2020
Depreciation on right of use assets	$279,265	$746,602
Finance charge on lease liabilities	$334,986	$94,613

8. Intangible assets

	2021	2020
Cost at beginning of year	4,452,127	4,330,186
Additions	-	121,941
Cost at end of year	4,452,127	4,452,127
Accumulated amortisation at beginning of year	4,232,154	4,071,908
Amortisation charge for the year	160,793	160,246
Accumulated amortisation	4,392,947	4,232,154
Net book value	**$59,180**	**$219,973**

Intangible assets comprise computer software.

9. Other receivables

	2021	2020
Due from Savinvest mutual funds	2,090,404	1,790,484
Prepayments	449,591	604,559
Other receivables	51,874	80,133
	$2,591,869	**$2,475,176**

10. Investment in subsidiaries

	2021	2020
Bourse International Asset Management Limited	2,772,072	2,772,072
Alkene Development Company of Trinidad and Tobago Limited	2,705,000	1,622,676
Bourse Brokers Limited	6,078,387	6,078,387
Windsor Investments Limited	6,761	6,761
	$11,562,220	**$10,479,896**

11. Due from subsidiaries

	2021	2020
Windsor Investments Limited	-	24,639
Alkene Development Company of Trinidad and Tobago Limited	1,598,709	722,035
Bourse Brokers Limited	112,605	97,993
Bourse International Asset Management Limited	400,276,930	417,503,319
	$401,988,244	**$418,347,986**

Balances due from Bourse International Asset Management have fixed terms with an interest rate of 5.50% per annum. All other balances bear no fixed terms of repayment.

12. Related party transactions and balances

	2021	2020
Amounts included in the unconsolidated statement of profit or loss:		
Fee and commission income - subsidiaries	$956,472	$397,703
Fee and commission income - related parties	$6,665,563	$6,404,558
Dividend income - subsidiary	$298,118	$-
Interest income - subsidiary	$22,562,647	$24,058,447
Interest expense - subsidiary	$150,223	$227,265
Interest expense - related parties	$309,672	$468,187
Key management remuneration	$4,581,201	$4,677,460
Balances included in unconsolidated statement of financial position:		
Assets:		
Financial assets FVTPL - related parties	$15,423,964	14,121,732
Cash and cash equivalents - related parties	$115,392	105,919
Other receivables - related parties	$2,085,918	1,793,091
Investment in subsidiaries	**$25,724,387**	**$10,479,89[illegible]**
Due from subsidiaries	**$401,988,244**	**$418,347,986**
Liabilities:		
Other liabilities - related parties	**$-**	**$860,782**
Repurchase agreements - subsidiary	**$13,449,390**	**$12,547,914**
Repurchase agreements - related parties	**$10,178,960**	**$20,120,833**

13. Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30%.

13.1 Net deferred tax asset

The deferred tax asset resulted from unused tax credits brought forward from prior years as well as from the current year. Management anticipates the use of these credits against future taxable profits. Management has based its assessment on the current and budgeted taxable profits of the Company's subsidiaries for which the carried forward tax credits are allowed to be used against.

The movement on the deferred income tax asset account is as follows:

	Balance at 1-Jan-21 '000	(Charge)/credit to profit or loss '000	Balance at 31-Dec-21 '000
Deferred income tax asset			
Unused tax credits	13,461,037	2,569,076	16,030,113
Net deferred income tax assets	**$13,461,037**	**$2,569,076**	**$16,030,113**

	Balance at 1-Jan-20 '000	(Charge)/credit to profit or loss '000	Balance at 31-Dec-20 '000
Deferred income tax asset			
Unused tax credits	9,335,469	4,125,568	13,461,037
Net deferred income tax asset	**$9,335,469**	**$4,125,568**	**$13,461,037**

13.2 Net deferred tax liability

The movement on the deferred income tax liability account is as follows:

	Balance at 1-Jan-21 $'000	(Charge)/credit to profit or loss $'000	(Charge)/credit to OCI $'000	Balance at 31-Dec-21 $'000
Deferred income tax asset				
Fair value measurement of financial assets	71,638	84,112	-	155,750
Deferred income tax liabilities				
Fair value measurement of financial assets	(2,223,065)	(1,723,070)	653,309	(3,292,826)
Net deferred income tax liability	**$(2,151,427)**	$(1,638,958)	**$653,309**	**$(3,137,076)**

13. Deferred income tax (continued)

13.2 Net deferred tax liability (continued)

	Balance at 1-Jan-20 '000	(Charge)/credit to profit or loss '000	(Charge)/credit to OCI '000	Balance at 31-Dec-20 '000
Deferred income tax asset				
Fair value measurement of financial assets	186,019	(114,381)	-	71,638
Deferred income tax liabilities				
Fair value measurement of financial assets	(2,130,351)	836,006	(928,720)	(2,223,065)
Net deferred income tax liability	**$(1,944,332)**	**$721,625**	**$(928,720)**	**$(2,151,427)**

14. Repurchase agreements

	2021	2020
Repurchase agreements - denominated in TT$	590,008,692	433,344,215
Repurchase agreements - denominated in US$	121,667,351	155,375,299
	$711,676,043	**$588,719,514**

Repurchase agreements are all payable within 24 months of issue and accrue interest at fixed rates between 1.35% and 3.55% per annum. The Company has set aside securities as collateral against repurchase agreements and finance charges to the value of $299.43 million (2020 $194.12 million). Securities held in the books of the wholly owned subsidiary Bourse International Asset Management Limited (BIAM) have also been set aside as collateral against repurchase agreements and finance charges, to the value of $413.5 million (2020: $418.11 million).

15. Other liabilities

	2021	2020
Accrued expenses and other payables	13,973,690	5,704,969
Accrued remuneration (Note 18)	1,000,000	600,000
Due to Savinvest Mutual Funds	-	260,782
	$14,973,690	**$6,565,751**

16. Lease liabilities

	2021	2020
Maturity Analysis:		
Year 1	154,030	627,644
Year 2	19,496	119,707
Year 3	147,005	421,868
Year 4	77,854	182,965
Year 5	-	101,086
	$427,404	$1,453,270

Refer to Note 7.1 for details on the corresponding right of use assets in accordance with IFRS 16.

17. Option liability

During 2019, the Company entered into an agreement with the Savinvest Structured Investment Fund being "The Purchaser" and Bourse Securities Limited as "The Seller" of "Put Options". The Put Option gives the right but not the obligation of the purchaser to sell certain underlying assets to the seller for the purchase price as at the date of exercising the option. Accordingly, the Company valued the underlying assets using the prevailing market prices as at December 31, 2021 and has provided against any diminution in value.

18. Remuneration accruals

The Company accrues for bonus and profit sharing based on guidelines that take into consideration the profit attributable to the Company's shareholders after certain adjustments.

	2021	2020
At beginning of the year	600,000	1,250,000
Accruals	1,000,000	600,000
Payments and reversals	(600,000)	(1,250,000)
At end of the year	$1,000,000	$600,000

19. Share capital

	2021	2020
Authorised:		
An unlimited number of shares of no par value		
Issued and fully paid:		
300,000 ordinary shares of no par value	$26,700,000	$26,700,000

20. Revaluation Reserve

	2021	2020
Unrealized gains equities on at FVTOCI	766,828	203,323
Unrealized gains on bonds at FVTOCI	1,205,415	3,406,322
ECL provision - bonds at FVOCI	1,476,079	494,812
Deferred tax on unrealized gains on bonds at FVTOCI	(368,585)	(1,021,894)
Revaluation reserve valuation to be amortised	(209,422)	(198,695)
	$2,870,315	$2,883,868

21. Dividends

	Total declared 2021	*Declared per share 2021*	Total declared 2020	*Declared per share 2021*
Second interim dividend - prior year	6,864,713	*$22.88*	3,364,008	*$11.21*
First interim dividend - current year	4,128,205	*$13.76*	-	-
	$10,992,918		**$3,364,008**	

22. Net interest income

	2021	2020
Earned from:		
Cash and cash equivalents	14,559	40,321
Financial assets at FVTOCI	13,051,720	7,186,901
Financial assets at amortised cost	26,051,122	24,241,828
Transactions with subsidiaries	-	2,679,115
	$39,117,400	**$34,148,165**

Income on financial assets include interest income earned from Repurchase agreements and promissory notes issued by Bourse International Asset Management Limited, a wholly owned subsidiary of Bourse Securities Limited.

Interest expense

Repurchase agreements and promissory notes	**$20,078,164**	**$16,101,788**

23. Unrealised gain/(loss) on financial assets

	2021	2020
Unrealised (loss)/gain on put option	(113,901)	256,828
Unrealised gain/(loss)on FVTPL assets	5,181,158	(913,003)
Deferred taxes on unrealised gain/(loss)	(1,638,958)	-
Net unrealised gain/(loss)	**$3,428,299**	**$(656,175)**

24. Fee and commission income

	2021	2020
Fee income from mutual funds and other portfolios under management	**$6,665,563**	**$6,404,558**

25. Dividend income

	2021	2020
Dividends on equities	430,797	216,392
	$430,797	**$216,392**

26. Other operating income

	2021	2020
Management fees	180,940	616,711
Gain on sale of investments at FVTOCI	2,781,669	517,314
Gains on currency exchange	116,206	14,807
Other operating income	2,068,351	605,850
	$5,147,167	$1,754,682

27. Personnel cost

	2021	2020
Salaries	6,282,130	6,119,756
Retirement contributions	226,796	233,824
Health insurance	223,106	203,304
Other staff cost	1,134,972	729,018
	$7,867,004	$7,285,902

28. Other expenses

	2021	2020
Licence fees	751,340	640,309
Director fees	613,333	530,000
Utilities	601,845	580,677
Legal and professional expenses	566,003	407,831
Other expenses	496,756	237,767
Advertising and public relations	429,367	407,911
Bank/finance charges	368,663	182,445
Repairs and maintenance	357,717	167,589
Insurance	270,688	264,680
Postage and stationery	205,310	232,635
Subscriptions and registration	116,706	196,201
Travelling and motor vehicle expense	27,320	28,877
Donations and gifts	18,888	99,662
Entertainment	7,743	38,836
	$4,831,679	$4,015,420

29. Taxation (credit)/expense

	2021	2020
Corporation tax - current period	(2,889,512)	(4,105,081)
- Prior period	141,490	
Green fund levy	153,734	127,571
Business levy	127,751	80,967
	$(2,466,537)	$(3,896,543)

29. Taxation (credit)/expense (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

Profit before tax	**21,008,773**	**13,097,624**
Tax calculated at 30%	6,302,632	3,929,287
Income not subject to tax	(9,192,144)	(8,034,368)
Green fund levy	153,734	127,571
Prior period	141,490	--
Business Levy	127,751	80,967
Tax credit	**$(2,466,537)**	**$(3,896,543)**

30. Financial risk management

30.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risks (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the entity's financial performance.

Risk management is carried out by a management committee under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Company has certain investments in foreign operations and also undertakes transactions in foreign currencies, where the net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company's foreign operations and transactions in foreign currencies is managed primarily through borrowings denominated in the relevant foreign currencies.

At December 31, 2021, if the Trinidad and Tobago dollar had weakened by 1% against the US dollar with all other variables held constant, post-tax profit for the year would have been $2.768 million higher (2020: $2.725 million higher), mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated money market funds, financial assets classified as available-for-sale and foreign exchange losses/gains on translation of US dollar-denominated borrowings.

30. Financial risk management (continued)

30.1 Financial risk factors (continued)

a) Market risk (continued)

(i) Foreign exchange risk (continued)

Foreign exchange risk

	TT	US	Other	Total
As at December 31, 2021				
Assets				
Cash and short-term funds	23,547,698	19,246,651	-	42,794,348
Financial assets at FVTOCI	270,579,670	57,767,029	23,738	328,370,435
Financial assets at FVTPL	27,186,276	5,049,639	-	32,235,915
Financial assets at amortised cost	47,900,711	18,154,853	-	66,055,563
Other receivables	802,998	1,752,713	36,154	2,591,869
Due from subsidiaries	91,810,424	310,177,819	-	401,988,244
	$461,827,779	$412,148,701	$59,892	$874,036,374
Liabilities				
Repurchase agreements	590,008,694	121,667,349	-	711,676,043
Other liabilities	2,692,513	12,281,170	-	14,973,683
Option liabilities		1,402,802	-	1,402,802
	$592,701,207	$135,351,320	$-	$728,052,528
Net foreign exchange risk gap		$276,797,379	$59,892	
As at December 31, 2020				
Assets	$309,438,204	$411,802,196	$20,765,661	$742,006,061
Liabilities	$436,183,678	$159,991,531	$-	$596,175,209
Net foreign exchange risk gap		$251,810,665	$20,765,661	

30. Financial risk management (continued)

30.1 Financial risk factors (continued)

a) Market risk (continued)

The Company employs various asset/liability techniques to manage currency risk. Currency exposures are minimised by matching assets with liabilities. Certain currency positions are unhedged up to the limit as defined by the capital allocation exposure determined by the Company.

(ii) Price risk

The Company is exposed to equity securities price risk because investments are held and classified on the unconsolidated statement of financial position as available-for-sale. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company maintains a diversified portfolio. Diversification of the portfolio is done in accordance with the pre-determined limits set by the Company.

The Company invests in equities of other entities that are publicly traded and are included in one of the following three equity indices: Trinidad and Tobago Composite Index, Barbados Composite Index or Jamaica Main Index. The Company also invests in local government and corporate debt.

The analysis is based on the assumption that the equity indices had decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. Other comprehensive income for the year would decrease by $187K (2020: $134K) as a result of losses on equity securities classified as FVTOCI investments.

(iii) Cash flow and fair value interest rate risk

The Company's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. Company policy is to maintain a part of its borrowings in fixed rate instruments.

At December 31, 2021, assuming interest rates were 25 basis points lower with all other variables held constant, the table below summarises the impact on profit or loss.

	2021	2020
Impact on profit or loss for the year	$293,441	$156,718

30. Financial risk management (continued)

30.1 Financial risk factors (continued)

a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

Interest rate sensitivity of assets and liabilities

The Company is exposed to various risks associated with the effect of fluctuations in the prevailing levels of market rates on its financial position and cash flows. The table below summarises the Company's exposure to interest rate risks. Included in the table are the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	On Demand	Up to one Year	One to five years	Over five years	Total
As at December 31, 2021					
Cash and cash equivalents	426,577	-	-	-	426,577
Financial assets FVTOCI	-	4,760,951	39,242,562	280,625,334	324,628,846
Financial assets at amortised cost	-	40,693,060	25,362,503	-	66,055,563
Due from subsidiaries	-	401,988,244	-	-	401,988,244
	$426,577	$447,442,256	$64,605,065	$280,625,334	$793,099,231
Liabilities					
Repurchase agreements	-	597,707,983	113,968,060	-	711,676,043
Other Liabilities	-	147,916	279,488		427,404
	-	597,855,899	114,247,548	-	712,103,447
Net interest rate gap	$426,577	$(150,413,643)	$(49,642,483)	$280,625,334	$80,995,784
Cumulative gap	$426,577	$(149,987,066)	$(199,629,550)	$80,995,784	
As at 31 December 2020					
Assets	$387,343	$464,122,109	$61,403,824	$126,946,665	$652,859,941
Liabilities	-	$516,672,995	$73,499,789	-	$590,172,784
Net interest rate gap	$387,343	$(52,550,886)	$(12,095,964)	$126,946,665	$62,687,157
Cumulative gap	$387,343	$(52,163,543)	$(64,259,508)	$62,687,157	

The Company employs various asset/liability techniques to manage interest rate sensitivity gaps. The techniques used vary subject to market conditions and include the employment of variable rate financial instruments.

30. Financial risk management (continued)

30.1 Financial risk factors (continued)

b) *Credit risk*

Credit risk arises from cash and cash equivalents, FVTOCI financial assets and deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables and committed transactions.

Credit risk is the risk of loss due to a debtor's non-payment of a balance or other line of credit. The Company is exposed to this category of risk through possible over concentration of lending to a particular institution or individual. The Company sets and adheres to specific limits relating to credit ratings established internally in its investment with any one entity in order to mitigate credit risk.

Maximum exposure to credit risk before collateral held or other credit enhancements

	Maximum exposure 2021	2020
Credit risk exposures relating to on-SOFP assets are as follows:		
Cash and cash equivalents	42,794,348	57,601,176
Financial assets FVTOCI - debt	328,370,435	171,478,153
Financial assets Amortised Cost	66,055,563	65,322,775
Other assets	2,591,869	2,475,176
Due from subsidiaries	401,988,244	418,347,986
Total	**$841,800,459**	**$715,225,266**

The above table represents the maximum exposure to credit risk exposure for the Company at December 31, 2021 and December 31, 2020, without taking account of any collateral held or other credit enhancements attached. For assets that are included in the statement of financial position, the exposures set out above are based on net carrying amounts as reported.

c) *Liquidity risk*

Liquidity risk is financial risk due to uncertain liquidity. An institution might lose liquidity if its credit rating falls, it experiences sudden unexpected cash outflows, or some other event causes counterparties to avoid trading with or lending to the institution. A firm is also exposed to liquidity risk if markets on which it depends are subject to loss of liquidity.

The Company's approach to managing liquidity risk includes further diversification of its funding base through access to an expanded range of funding in terms of the number of counterparties, longer term financing tenure and in securing additional credit lines.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the unconsolidated statement of financial position date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

30. Financial risk management (continued)

30.1 Financial risk factors (continued)

c) *Liquidity risk (continued)*

	On Demand	0-90 days	91-180 days	181-365 days	>365 days	Total
2021						
Assets						
Cash and cash equivalents	42,794,348	-	-	-	-	42,794,348
Financial assets FVTOCI	-	10,000,000	--	25,000,000	320,866,327	355,866,327
Financial assets AC	-	2,681,478	4,038,138	18,746,650	40,240,003	65,706,269
Interest receivable	-	5,253,569	-	-	-	5,253,569
Other receivables	-	2,591,869	-	-	-	2,591,869
Due from subsidiaries	-	112,605	-	400,276,930	1,598,709	401,988,244
	42,794,348	20,639,521	4,038,138	444,023,580	362,705,039	874,200,627
Liabilities						
Repurchase agreements and promissory notes	-	272,197,289	115,664,444	196,765,330	113,968,060	698,595,124
Interest payable	-	5,630,686	1,912,979	4,077,879	1,459,374	13,080,919
Other liabilities	-	14,973,683	-	-	--	14,973,683
Lease liability	-	-	-	-	427,404	427,404
Option liability	-	1,402,802	-	-	-	1,402,802
	-	294,204,460	117,577,422	200,843,209	115,854,838	728,479,928
Gap	42,794,348	(237,564,939)	(113,539,284)	243,180,371	246,850,201	145,720,699
Cumulative gap	**$42,794,348**	**$(230,770,591)**	**$(344,309,875)**	**$(101,129,503)**	**$145,720,699**	

	On Demand	0-90 days	91-180 days	181-365 days	>365 days	Total
2020						
Assets						
Cash and cash equivalents	57,602,051	-	-	-	-	57,602,051
Financial assets FVTOCI		2,610,920	-	770,000	160,358,883	163,739,803
Financial assets AC	-	5,503,113	19,148,366	17,285,010	22,928,193	64,864,682
Interest Receivable	-	2,644,687	3,755,404	5,360,396	82,720,570	94,481,057
Other receivables	-	1,869,741	-	-	-	1,869,741
Due from subsidiaries	-	9,149,480	5,625,698	420,574,918	-	435,350,096
	57,602,051	21,777,941	28,529,468	443,990,324	266,007,646	817,907,430
Liabilities						
Repurchase agreements and promissory notes	-	250,806,121	62,366,624	202,872,605	72,674,163	588,719,513
Other liabilities	-	461,525	4,463,612	4,680,583	450,995	10,056,715
Interest payable	-	6,565,751	-	-	-	6,565,751
Lease liability	-	156,911	156,911	313,822	825,626	1,453,270
Option liability	-	889,944	-	-	-	889,944
	-	258,880,252	66,987,147	207,867,010	73,950,784	607,685,193
Gap	57,602,051	(237,102,311)	(38,457,679)	236,123,314	192,056,862	210,222,237
Cumulative gap	**$57,602,051**	**$(179,500,260)**	**$(217,957,939)**	**$18,165,375**	**$210,222,237**	

30. Financial risk management (continued)

30.1 Financial risk factors (continued)

c) Liquidity risk (continued)

The Company has reduced its exposure of concentration of liquidity risk whereby approximately 8.59% as at December 2021 of Repurchase agreements and promissory notes are owed to a single investor down from 8.80% as at December 2020. This exposure is managed by ensuring maturities of facilities with this investor are staggered throughout the year. The Company also ensures that sufficient liquid assets are available to fund all maturities through available for sale assets in a readily accessible market as well as from the amount due from subsidiaries.

The Company's liquidity strategy relies on sufficient cash and marketable financial assets to meet short term requirements. Daily cash and liquid assets are all prudently managed to ensure that the Company has sufficient funds to meet its obligations upon maturity.

Management considers that the carrying amounts of financial assets and financial liabilities recognised in these unconsolidated financial statements approximate their fair values.

	Year ended December 31, 2021		Year ended December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	42,794,348	42,794,348	57,601,176	57,601,176
Financial assets FVTOCI	328,370,435	328,370,435	171,478,153	171,478,153
Financial assets FVTPL	32,235,915	32,235,915	26,780,795	26,780,795
Financial assets AC	66,055,563	66,055,563	65,322,775	65,322,775
Other receivables	2,591,869	2,591,869	2,475,176	2,475,176
Due from subsidiaries	401,988,244	401,988,244	418,347,986	418,347,986
	$874,036,374	**$874,036,374**	**$742,006,061**	**$742,006,061**
Financial liabilities				
Promissory Agreement	711,676,043	711,676,043	588,719,514	588,719,514
Other liabilities	14,973,683	14,973,683	6,565,751	6,565,751
Option liability	1,402,802	1,402,802	889,944	889,944
	$728,052,528	**$728,052,528**	**$596,175,209**	**$596,175,209**

Fair value estimation

Effective 1 January 2009, the Company adopted the amendment to IFRS 7 for financial instruments that are measured in the unconsolidated statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted priced (unadjusted) in active markets for identical assets and liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset and liability, either directly (that is prices) or indirectly (that is, derived from prices) (level 2);

30. Financial risk management (continued)

30.1 Financial risk factors (continued)

c) Liquidity risk (continued)

Fair value estimation (continued)

- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The table below presents the Company's financial instruments that are classified as FVTOCI and FVTPL in their respective categories:

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Financial assets at FVTOCI	107,149,475	221,220,960	-	328,370,435
Financial assets at FVTPL	21,421,058	10,814,857	-	32,235,915
	$128,570,533	**$232,035,817**	**$-**	**$360,606,350**
December 31, 2020				
Financial assets at FVTOCI	67,724,488	103,628,364	125,301	171,478,153
Financial assets at FVTPL	12,659,063	14,121,732	-	26,780,795
	$80,383,551	**$117,750,096**	**$125,301**	**$198,258,948**

30.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt, subject to shareholders' approval.

Consistent with others in the industry, the Company monitors capital at risk on the basis, inter alia, of its leverage as measured by the debt to equity ratio. Debt encompasses Repurchase agreements and promissory notes. This is complemented by capital allocation stress testing for its exposure to specific business lines and asset classes.

	2021 $	2020 $
Total debt	**711,676,043**	**588,719,514**
Total equity	**180,258,941**	**168,704,116**
Debt to equity ratio	3:95: 1	3:49: 1

The Company, as a securities company licenced to operate in Trinidad and Tobago, is required by regulation to maintain a minimum paid up capital of $15 million.

31. Funds under management

Funds under management relate to the Savinvest Range of Mutual Funds and amounted to $381.43 million as at 31 December 2021 (2020: $345.99 million).

32. Contingencies

The Company has no contingent liabilities in respect of litigation matters.

33. Subsequent events

No significant events occurred after the reporting date affecting the financial performance, position or changes therein for the reporting period presented in these annual financial statements.

The company evaluated all events that occurred from January 1,2022 to March 22, 2022. During that time, Russia began a military invasion of Ukraine. The effect is that related Bond values have fallen by approximately TT$2 million. The situation continues to be volatile and it is difficult to predict the actual quantum of the impact of the war. However, we believe that this event does not affect the financial performance, position or changes therein for the reporting period presented in these annual financial statements.