RECORDS MANAGEMENT
RECEIVED
JUN 28 2019
TTSEC

JMMB Investments
(Trinidad and Tobago) Limited

Financial Statements

31 March 2019

JMMB Investments (Trinidad and Tobago) Limited
Index
31 March 2019

Statement of Management Responsibilities
JMMB INVESTMENTS (TRINIDAD AND TOBAGO) LIMITED

Management is responsible for the following:

- Preparing and fairly presenting the financial statements of JMMB Investment (Trinidad and Tobago) Limited (the company), which comprise the statement of financial position as at March 31, 2019, profit and loss account, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;
- Ensuring that the company and group 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 and group'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.

Chief Executive Officer	Chief Financial Officer
Date: June 26, 2019	Date: June 26, 2019

KPMG

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: www.kpmg.com/tt

INDEPENDENT AUDITORS' REPORT
To the Members of
JMMB INVESTMENTS (TRINIDAD AND TOBAGO) LIMITED

Opinion

We have audited the separate financial statements of JMMB Investments (Trinidad and Tobago) Limited ("the Company") and the consolidated financial statements of the company and its subsidiaries ("the Group"), set out on pages 5 to 90, which comprise the Group's and Company's statements of financial position as at March 31, 2019, the Group's and Company's profit and loss accounts, 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 give a true and fair view of the financial position of the Group and the Company as at March 31, 2019, and of the Group's and Company's financial performance and 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 Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other 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.

KPMG

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

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

In preparing the financial statements, management is responsible for assessing the Group's and 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 and its subsidiary or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

KPMG

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

- 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 Group's and 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 Group and 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 consolidated 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.

KPMG

Chartered Accountants

Port-of-Spain
Trinidad and Tobago
June 26, 2019

JMMB Investments (Trinidad and Tobago) Limited

Consolidated Profit and Loss Account

Year ended 31 March 2019

(Expressed in Trinidad and Tobago dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Net interest income and other revenue			
Interest income calculated using the effective interest method		38,356	27,608
Interest expense		(23,231)	(15,041)
Net interest income		15,125	12,567
Other revenue			
Gains on securities trading		3,341	4,247
Fees and commissions		5,603	3,459
Dividends		469	649
Other			3
Total other revenue		9,413	8,358
Total revenue less interest expense		24,538	20,925
Other income and gains			
Foreign exchange (losses)/gains		22	(552)
		24,560	20,373
Non-interest expenses			
Staff costs	4	9,875	9,724
Impairment losses on financial instruments		29	
Other expenses	5	4,404	6,415
		14,308	16,139
Profit before Taxation		10,252	4,234
Taxation	6	1,159	4,136
Profit for the Year		11,411	8,370

The notes on pages 15 to 88 are an integral part of these financial statements

JMMB Investments (Trinidad and Tobago) Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year ended 31 March 2019
(Expressed in Trinidad and Tobago dollars unless otherwise indicated)

	2019	2018
	$'000	$'000
Profit for the Year	11,411	8,370
Other Comprehensive Loss		
Item that may be reclassified to profit or loss		
Net gain on investments in debt instruments measured at FVOCI	(1,469)	-
Fair value losses on available-for-sale-securities	-	(3,628)
Net gain on investments in equity instruments designated fair value through other comprehensive income	5,789	-
Total Comprehensive Income for Year	15,731	4,742

The notes on pages 15 to 88 are an integral part of these financial statements.

JMMB Investments (Trinidad and Tobago) Limited
Consolidated Statement of Financial Position
Year ended 31 March 2019
(Expressed in Trinidad and Tobago dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Assets			
Cash and cash equivalents	7	48,769	74,438
Interest receivable		11,007	6,376
Investment securities	8	791,688	655,630
Amount due from related party	16 (c)	16,195	381
Accounts receivable		19,694	5,266
Taxation recoverable		70	200
Property, plant and equipment	9	1,933	2,433
Intangible assets	10	1,183	1,160
Deferred tax asset	12	8,337	5,002
		898,876	750,886
Equity and Liabilities			
Equity			
Share capital	13	70,764	70,764
Investment revaluation reserve	14	(623)	(4,943)
Retained earnings		17,341	11,005
		87,482	76,826
Liabilities			
Securities sold under agreements to repurchase	15	471,168	446,516
Due to related party	16	10,215	15,761
Dividend payable	16	3,474	-
Redeemable preference shares	16,17	33,785	33,673
Notes payable	18	223,701	160,916
Notes due to related party	16	40,542	-
Interest payable		8,952	6,026
Accounts payable		17,131	11,168
Deferred tax liability	12	2,426	-
		811,394	674,060
		898,876	750,886

Approved for issue by the Board of Directors on 24th May 2019 and signed on its behalf by:

Dr. Marlene Attzs — **Director**

Catherine Kumar — **Director**

The notes on pages 15 to 88 are an integral part of these financial statements

JMMB Investments (Trinidad and Tobago) Limited
Consolidated Statement of Changes in Equity
Year ended 31 March 2019
(Expressed in Trinidad and Tobago dollars unless otherwise indicated)

	Note	Share Capital	Investment Revaluation Reserve	Retained Earnings)/ (Accumulated Deficit)	Total
		$'000	$'000	$'000	$'000
Balance as at 31 March 2017		**20,764**	**(1,315)**	**2,635**	**22,084**
Profit for the year		-	-	8,370	8,370
Fair value losses on available-for-sale securities, being total other comprehensive loss		-	(3,628)	-	(3,628)
Total comprehensive income for year		-	(3,628)	8,370	4,742
Transactions with owners of the company					
Shares issued	13	50,000	-	-	50,000
Balance as at 31 March 2018		**70,764**	**(4,943)**	**11,005**	**76,826**
Changes on initial recognition of IFRS 9		-	1,601	(1,601)	-
Restated balance as at 1 April 2018		**70,764**	**(3,342)**	**9,404**	**76,826**
Profit for the year				11,411	11,411
Net movement in fair value of debt instruments at FVOCI			2,719		2,719
Total comprehensive income for year			2,719	11,411	14,130
Transactions with owners of the company					
Dividend declared				(3,474)	(3,474)
Balance as at 31 March 2019		**70,764**	**(623)**	**17,341**	**87,482**

The notes on pages 15 to 88 are an integral part of these financial statements

JMMB Investments (Trinidad and Tobago) Limited
Consolidated Statement of Cash Flows
Year ended 31 March 2019
(Expressed in Trinidad and Tobago dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Cash Flow from Operating Activities			
Profit for the year		11,411	8,370
Adjustments for:			
Interest income		(38,356)	(27,608)
Interest expense		23,231	15,041
Depreciation	9	661	661
Amortisation	10	61	63
Loss on the disposal of property, plant and equipment			98
Taxation	6	(1,159)	(4,136)
		(4,151)	(7,511)
Changes in operating assets and liabilities:			
Accounts receivable		(30,242)	480
Accounts payable		5,963	(4,716)
Related parties		(5,546)	7,167
Securities sold under agreements to repurchase		24,652	(4,167)
		(9,324)	(8,747)
Interest received		33,725	26,175
Interest paid		(20,305)	(13,353)
Taxation paid		(160)	(546)
Net cash provided by operating activities		**3,936**	**3,529**
Cash Flow from Investing Activities			
Investment securities (net)		(132,799)	(199,498)
Purchase of property, plant and equipment	9	(161)	(137)
Purchase of intangible assets	10	(84)	(154)
Proceeds from the disposal of property, plant and equipment			33
Net cash used in investing activities		**(133,044)**	(199,756)
Cash Flow from Financing Activity			
Redeemable preference shares		112	(101)
Proceeds from issue of shares	13		50,000
Notes payable		103,327	160,916
Net provided by financing activities		**103,439**	**210,815**
Increase in cash and cash equivalents		(25,669)	14,588
Cash and cash equivalents at beginning of year		74,438	59,850
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	**48,769**	**74,438**

The notes on pages 15 to 88 are an integral part of these financial statements.

JMMB Investments (Trinidad and Tobago) Limited
Separate Statement of Profit and Loss
Year ended 31 March 2019
Expressed in Trinidad and Tobago dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Net interest income and other revenue			
Interest income calculated using the effective interest method		38,356	27,601
Interest expense		(23,231)	(15,031)
Net interest income		15,125	12,570
Other revenue			
Gain on securities trading		3,195	4,232
Dividend income		-	311
		3,195	4,543
Total revenue less interest expense		18,320	17,113
Other income and gains			
Foreign exchange (losses)/gains		2	(574)
Other		713	443
		715	(131)
		19,035	16,982
Non-interest expenses			
Staff costs	4	9,272	9,383
Impairment losses on financial instruments		(167)	-
Other expenses	5	3,148	4,641
		12,253	14,024
Profit before taxation		6,782	2,958
Taxation	6	1,211	850
Profit for year		7,993	3,808

The notes on pages 15 to 88 are an integral part of these financial statements.

JMMB Investments (Trinidad and Tobago) Limited
Separate Statement of Profit and Loss
Year ended 31 March 2019
Expressed in Trinidad and Tobago dollars unless otherwise indicated)

	2019	2018
	$'000	$'000
Profit for Year	7,993	3,808
Other Comprehensive Loss		
Item that may be reclassified to profit or loss:		
Net gains on investments in debt instruments measured at FVOCI	(1,468)	
Fair value losses on available-for-sale-securities		(1,111)
Items that will not be reclassified to the profit or loss		
Net gains on investments in equity instruments designated at fair value through other comprehensive income	-	-
Total Comprehensive Income for Year	6,525	2,697

The notes on pages 15 to 88 are an integral part of these financial statements.

JMMB Investments (Trinidad and Tobago) Limited
Separate Statement of Financial Position
31 March 2019
(Expressed in Trinidad and Tobago dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Assets			
Cash and cash equivalents	7	35,447	59,036
Interest receivable		11,007	6,376
Investment securities	8	781,144	652,730
Accounts receivable		10,416	2,478
Amounts due from related party	16 (c)	16,633	-
Property, plant and equipment	9	1,933	2,431
Intangible assets	10	387	303
Interest in subsidiary	11	5,364	5,364
Taxation recoverable		70	200
Deferred tax asset	12	5,017	2,270
		867,418	731,188
Equity and Liabilities Equity			
Share capital	13	70,764	70,764
Investment revaluation reserve	14	(4,048)	(2,580)
Retained earnings		6,674	3,756
		73,390	71,940
Liabilities			
Securities sold under agreements to repurchase	15	471,168	446,516
Due to related party	16(c)	10,805	9,261
Redeemable preference shares	16(c),17	33,785	33,673
Notes payable	18	223,701	160,916
Notes payable to related party	16 (c)	40,542	
Interest payable		8,952	6,026
Dividend payable		3,474	
Accounts payable		1,601	2,856
		794,028	659,248
		867,418	731,188

Approved for issue by the Board of Directors on 24th May 2019 and signed on its behalf by:

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

The notes on pages 15-88 are an integral part of these financial statements.

JMMB Investments (Trinidad and Tobago) Limited
Separate Statement of Changes in Equity
Year ended 31 March 2019
(Expressed in Trinidad and Tobago dollars unless otherwise indicated)

	Note	Share Capital $'000	Investment Revaluation Reserve $'000	(Accumulated Deficit)/ Retained Earnings $'000	Total $'000
Balance as at 31 March 2017		**20,764**	**(1,469)**	**(52)**	**19,243**
Profit for the year		-	-	3,808	3,808
Fair value losses on available-for- sale securities, being other comprehensive loss		-	(1,111)	-	(1,111)
Total comprehensive income for year		-	(1,111)	3,808	2,697
Transactions with owners of the company:					
Shares issued		50,000	-	-	50,000
Balance as at 31 March 2018		**70,764**	**(2,580)**	**3,756**	**71,940**
Changes on initial application of IFRS 9		-	1,601	(1,601)	-
Restated balance as at 1 April 2018		**70,764**	**(979)**	**2,155**	**71,940**
Profit for the year				7,993	7,993
Net movement in fair value of debt investments at FVOCI			(3,069)		(3,069)
Total comprehensive income for year			(3,069)	7,993	4,924
Transactions with owners of the company:					
Dividend declared				(3,474)	(3,474)
Balance as at 31 March 2019		**70,764**	**(4,048)**	**6,674**	**73,390**

The notes on pages 15 to 88 are an integral part of these financial statements.

JMMB Investments (Trinidad and Tobago) Limited
Separate Statement of Cash Flows
Year ended 31 March 2019
(Expressed in Trinidad and Tobago dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Profit for the year		7,993	3,808
Adjustments for:			
Interest income		(38,356)	(27,601)
Interest expense		23,231	15,031
Taxation expenses		(1,211)	(850)
Depreciation	9	661	655
Amortisation	10		3
Loss on disposal of property, plant and equipment			49
		(7,682)	(8,905)
Changes in operating assets and liabilities:			
Accounts receivable		(10,657)	(688)
Accounts payable		(1,159)	1,296
Related party		1,544	1,048
Securities sold under agreements to repurchase		24,652	(4,167)
		6,598	(11,416)
Interest received		33,725	26,168
Interest paid		(20,305)	(13,343)
Taxation paid		(163)	(513)
Net cash provided by operating activities		**19,855**	**896**
Cash Flow from Investing Activities			
Investment securities		(146,251)	(200,126)
Purchase of property, plant and equipment	9	(548)	(137)
Purchase of intangible assets	10	(84)	(154)
Proceeds from the disposal of property, plant and equipment			29
Net cash used in investing activities		**(146,883)**	**(200,388)**
Cash Flow from Financing Activities			
Issue of shares	13		50,000
Notes payable		103,327	160,916
Redeemable preference shares		112	(255)
Net cash provided by financing activities		103,439	210,661
Increase in cash and cash equivalents		(23,589)	11,169
Cash and cash equivalents at beginning of year		59,036	47,867
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	**35,447**	**59,036**

The notes on pages 15 to 88 are an integral part of these financial statements.

1. Identification and Principal Activity

JMMB Investments (Trinidad and Tobago) Limited ("the Company") is a limited liability company, incorporated and domiciled in Trinidad and Tobago, with registered office at #169 Tragarete Road, Port of Spain, Trinidad and Tobago. The company was incorporated on October 19, 2011. The ultimate parent, JMMB Group Limited, is incorporated and domiciled in Jamaica. The registered office of the ultimate parent is located at 6 Haughton Terrace, Kingston 10, Jamaica.

The company is a licensed securities dealer and its principal activities are dealing in securities and stock brokering. It has one subsidiary, as follows:

Name of Subsidiary	% Shareholding	Country of Incorporation	Principal Activities
JMMB Securities (Trinidad and Tobago) Limited	100	Trinidad and Tobago	Stock brokering

The company and its subsidiary are collectively referred to as "Group". References to the Group also include the Parent unless stated otherwise.

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 22 and 23.

(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 assets at fair value through other comprehensive income (FVOCI) and prior to April 1 2019 available-for-sale financial assets are measured at fair value

(c) Functional and presentation currency:

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

(d) Use of estimates and judgements:

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

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

(d) Use of estimates and judgements: (continued)

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

(e) Comparative information:

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

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

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

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

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

(a) Key sources of estimation uncertainty

(i) Allowance for impairment losses

Policy from April 1 2018

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers/issuers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 19.a.ii, which also sets out key sensitivities of the ECL to changes in these elements.

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

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

(a) Key sources of estimation uncertainty (Continued)

(i) Allowance for impairment losses (Continued)

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 19.a.ii

Allowance for impairment losses policy prior to April 1, 2018

In determining amounts recorded for allowance for losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows from investment securities and other financial assets, for example, repayment default and adverse economic conditions. The specific counterparty of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes assumptions about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the work out strategy and estimate of cash flows considered recoverable are independently approved by the Credit and Market Risk functions.

(ii) 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, 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 (see notes 8 and 21).

(b) Critical *accounting 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 (prior to IFRS 9 as 'loans and receivables', available for sale, held to maturity or FVTPL) or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy requires judgement as to whether a market is active.

4. Staff Costs

	Consolidated		Separate	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and wages	7,800	8,078	7,242	7,754
Other staff benefits	2,075	1,646	2,030	1,629
	9,875	9,724	9,272	9,383

5. Non-interest expenses

		Consolidated		Separate	
		2019	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**
Bank charges		31	75	31	75
Depreciation	9	661	661	661	655
Amortisation	10	61	63		3
Legal and other professional fees		481	797	360	691
Auditors' remuneration		305	217	215	122
Stationery and printing		71	73	50	110
Utilities		228	216	209	112
Travel and entertainment		175	361	170	361
Equipment and motor vehicle rental		66	68	66	-
Information technology expenses		436	581	326	392
Repairs and maintenance		32	379	92	70
Directors' fees		270	243	270	243
Office rental		1,028	1,300	490	581
Security		109	194	11	98
Donations and subscriptions		108	122	46	102
Insurance		38	40		-
Advertising and promotion		119	845	119	845
Loss on sale of property, plant and equipment		-	98		49
Other		185	82	32	132
		4,404	6,415	3,148	4,641

6. Taxation

The (credit)/charge for taxation comprise the following:

	Consolidated		Separate	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Green Fund levy	37	123	19	105
Business levy	253	220	236	208
Deferred tax (note 12)	(1,449)	(4,479)	(1,466)	(1,163)
	(1,159)	(4,136)	(1,211)	(850)

	Consolidated		Separate	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Profit before taxation	10,269	4,234	6,782	2,958
Tax calculated at relevant rates	3,081	1,270	2,035	887
Adjusted for the effects of:				
Income not subject to tax	(466)	(785)	(311)	(681)
Adjustment to prior year	(70)		(70)	
Tax losses recognized	(4,101)	(4,985)	(3,191)	(1,371)
Green fund levy	37	123	19	105
Business levy	340	220	306	208
Expenses not allowable	37	21	1	2
	(1,159)	(4,136)	(1,211)	(850)

(a) Subject to agreement with the Tax Authorities, tax losses of approximately $25,367,234 (2018: $24,992,000) for the Group and $8,417,339 (2018: $2,861,000) for the Company, are available for set off against future taxable profits and can be carried forward indefinitely.

7. Cash and Cash Equivalents

	Consolidated		Separate	
	2019	**2018**	**2019**	**2018**
	$000	**$'000**	**$'000**	**$'000**
Cash at bank	48,769	74,438	35,447	59,036

8. Investment Securities

	Consolidated		Separate	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Investment securities at fair value through OCI/Available-for-sale securities:				
Government of Trinidad and Tobago securities	252,690	250,117	252,669	250,096
Other sovereign bonds	71,642	58,792	71,642	58,792
Corporate bonds	451,332	342,128	451,332	342,128
Quoted and unquoted equities	16,024	4,593	5,501	1,714
	791,688	655,630	781,144	652,730

Investments mature, from the reporting date, as follows:

	Consolidated		Separate	
	2019	2018	2019	2018
	$000	$'000	$'000	$'000
Government of Trinidad and Tobago securities:				
Within 3 months	6,264		6,243	
From 3 months to 1 year	9,911	25,423	9,911	25,423
From 1 year to 5 years	41,960	791	41,960	770
Over 5 years	194,555	223,903	194,555	223,903
	252,690	250,117	252,669	250,096
Other sovereign bonds:				
Within 3 months	-		-	
From 3 months to 1 year	-	-	-	-
From 1 year to 5 years	15,731	2,040	15,731	2,040
Over 5 years	55,911	56,752	55,911	56,752
	71,642	58,792	71,642	58,792
Corporate bonds:				
Within 3 months				
From 3 months to 1 year	113,896	859	113,896	859
From 1 year to 5 years	62,954	105,579	62,954	105,579
Over 5 years	274,482	235,690	274,482	235,690
	451,332	342,128	451,332	342,128
Equities				
No fixed maturities	16,024	4,593	5,501	1,714
	791,688	655,630	781,144	652,730

9. Property, Plant and Equipment

	Consolidated			
	Leasehold Improvements	Furniture & Fixtures	Computer Equipment	Total
	$'000	$'000	$'000	$'000
Cost				
31 March 2017	1,958	1,571	520	4,049
Additions	35	69	33	137
Disposals	-	(255)	(51)	(306)
31 March 2018	1,993	1,385	502	3,880
Additions		64	97	161
Disposals				
31 March 2019	1,993	1,449	599	4,041
Accumulated Depreciation				
31 March 2017	408	347	206	961
Charge for the year	395	140	126	661
Disposals	-	(131)	(44)	(175)
31 March 2018	803	356	288	1,447
Charge for the year	393	140	128	661
Disposals				
31 March 2019	1,196	496	416	2,108
Net book Value				
31 March 2019	797	953	183	1,933
31 March 2018	1,190	1,029	214	2,433
31 March 2017	1,550	1,224	314	3,088

9. Property, Plant and Equipment (Continued)

	Separate			
	Leasehold Improvements	Furniture & Fixtures	Computer Equipment	Total
	$'000	$'000	$'000	$'000
Cost				
31 March 2017	1,958	1,418	521	3,897
Additions	35	69	33	137
Disposals	-	(109)	(50)	(159)
31 March 2018	1,993	1,378	504	3,875
Additions		64	97	161
Adjustment			2	2
31 March 2019	1,993	1,442	603	4,038
Accumulated Depreciation				
31 March 2017	408	256	206	870
Charge for the year	388	147	120	655
Disposals	-	(38)	(43)	(81)
31 March 2018	796	365	283	1,444
Charge for the year	393	140	128	661
Disposals			-	-
31 March 2019	1,189	505	411	2,105
Net Book Value				
31 March 2019	804	937	192	1,933
31 March 2018	1,197	1,013	221	2,431
31 March 2017	1,550	1,162	315	3,027

10. Intangible Assets

	Consolidated				
	Computer Software $'000	Trade Mark $'000	License $'000	Customer List $'000	Total $'000
Cost					
31 March 2017	153	12	620	483	1,268
Additions	154	-	-	-	154
31 March 2018	307	12	620	483	1,422
Additions	84				84
31 March 2019	391	12	620	483	1,506
Accumulated Amortisation					
31 March 2017	1	11	-	187	199
Charge for the year	3	-	-	60	63
31 March 2018	4	11	-	247	262
Charge for the year		1	-	60	61
31 March 2019	4	12	-	307	323
Net Book Value					
31 March 2019	387	-	620	176	1,183
31 March 2018	303	1	620	236	1,160
31 March 2017	152	1	620	296	1,069

	Separate
	Computer Software $'000
Cost	
Additions and cost as at 31 March 2018	307
Addition	84
31 March 2019	391
Amortisation	
31 March 2017	1
Charge for the year	3
31 March 2018	4
Charge for the year	-
31 March 2019	4
Net Book Value	
31 March 2019	387
31 March 2018	303

11. Interest in subsidiary

Interest in subsidiary comprises equity shares at cost.

12. 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 a tax rate of 30%.

Deferred income tax assets are due to the following items:

	Consolidated	
	2019 **$'000**	**2018** **$'000**
Deferred income tax asset:		
Property, plant and equipment	104	298
Tax losses	5,845	4,178
Investments	2,388	1,107
Net deferred tax assets	8,337	5,583
Deferred income tax liability:		
Investments	(2,426)	(581)

The movement in the deferred income tax account is as follows:

	Consolidated			
	Balances At 1 April 2018	**Recognised in Profit or Loss**	**Recognised in Other Comprehensive Income**	**Balances at 31 March 2019**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets				
Property, plant and equipment	298	(194)		104
Tax losses	4,178	1,667		5,845
Investments	1,107		1,281	2,388
	5,583	1,473	1,281	8,337
Deferred income tax liabilities				
Investments	(581)	-	(1,845)	(2,426)

12. Deferred Income Taxes (continued)

	Separate	
	2019 $'000	2018 $'000
Deferred income tax assets		
Property, plant and equipment	104	305
Tax losses	2,525	858
Investments	2,388	1,107
	5,017	2,270

	Separate			
	Balances At 1 April 2018 $'000	Recognised in Profit or Loss $'000	Recognised in Other Comprehensive Income $'000	Balances at 31 March 2019 $'000
Deferred income tax assets				
Property, plant and equipment	305	(201)		104
Investments	1,107		1,281	2,388
Tax losses	858	1,667		2,525
	2,270	1,466	1,281	5,017

13. Share Capital

	2019 Number of shares	2018 Number of shares	2019 $'000	2018 $'000
Authorised:				
Ordinary shares	70,763,490	70,763,490	70,764	70,764
Issued and fully paid:				
Ordinary shares	70,763,490	70,763,490	70,764	70,764
Stated capital				
At beginning of year	70,763,490	20,763,490	70,764	20,764
Issued during the year		50,000,000		50,000
At end of year	70,763,490	70,763,490	70,764	70,764

On 27 March 2018 the company increased its authorised share capital from 20,763,490 to 70,763,490 by the creation of an additional 50,000,000 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.

13. Share Capital (continued)

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

14. Investment Revaluation Reserve

Investment revaluation reserve represents cumulative unrealised gains, net of losses, arising from changes in fair value of investment securities at fair value through other comprehensive income, (2018: available for sale investments). If these investments are debt securities, fair value gains and losses are recognised in the profit and loss on de-recognition or impairment. The fair value gains or loss on equity instruments classified as FVOCI do not cycle to the profit and loss on de-recognition.

15. Securities Sold Under Agreements to Repurchase

	Consolidated		Separate	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Denominated in Trinidad and Tobago dollars	233,129	211,265	233,129	211,265
Denominated in United States dollars	238,039	235,251	238,039	235,251
	471,168	446,516	471,168	446,516

Repurchase agreements are collateralized by certain securities and other instruments held by the Group and the company with a carrying value of $475,993,047 (2018: $488,272,000) and $475,993,047 (2018: $488,272,000), respectively, (Note 8).

16. Related Party Transactions and Balances

(a) Definition of related party

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

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

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

(2) has significant influence over the Group; or

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

16. Related Party Transactions and Balances (continued)

(a) Definition of related party: (Continued)

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

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

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

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

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

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

(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.

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

(b) Identity of related parties

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

16. Related Party Transactions and Balances (continued)

(c) The statement of financial position includes balances, arising in the normal course of business, with related parties, as follows:

	Consolidated		Separate	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Receivable from related parties:				
Jamaica Money Market Brokers Limited	2,282	381	2,282	-
JMMB Bank (T&T) Limited	13,913	-	13,913	-
JMMB Securities (T&T) Limited	-	-	438	-
Cash and cash equivalents with related party	44,519	45,787	31,687	34,204
	60,714	46,168	48,320	34,204
Payables to related parties:				
Jamaica Money Market Brokers Limited	10,215	15,761	9,261	9,261
JMMB Group Limited (Redeemable Preference Shares)	33,785	33,673	33,785	33,673
JMMB Group Limited (Note payable)	40,542		40,542	
JMMB Group Limited (Dividend payable)				
JMMB Securities (Trinidad and Tobago Limited	3,474		1,544	
Cash and cash equivalents with related party	173			
	88,189	49,434	88,606	42,934

Amount owed to Jamaica Money Market Brokers Limited is a balance on current account. It is interest free, unsecured and due on demand.

(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:

	Consolidated		Separate	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Directors emoluments:				
Fees	270	243	270	243
Management remuneration		-		-
Key management compensation:				
Short-term employee benefits	1,652	1,385	1,652	1,385
	1,922	1,628	1,922	1,628

17. Redeemable Preference Shares

	Consolidated		Separate	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
JMMB Group Limited	33,785	33,673	33,785	33,673

On the 14 March 2015, the company issued 5,000,000 6% fixed rate cumulative redeemable preference shares at a price of US$1.00. Dividends are paid quarterly and shares are redeemable in full at maturity on 14 January 2024.

18. Notes Payable

	Consolidated		Separate	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
(i) Senior secured Fixed Rate TT$ note	112,210	59,900	112,210	59,900
(ii) Senior secured US$ note	111,491	101,016	111,491	101,016
	223,701	160,916	223,701	160,916

Both the TT$ and US$ notes were refinanced during the financial year which created additional tranches as follows:

(i) This represents fixed rate debt issued in three tranches bearing interest at 3.00%, 3.35% and 3.70% per annum, payable on a semi-annually basis. The notes mature in November 2019, November 2020 and November 2021 and are secured by investment securities (Note 8).

(ii) This represents fixed rate US$ debt issued in two tranches bearing interest at 3.20% and 3.55% per annum, payable on a semi-annually basis. The notes mature in November 2019 and November 2020 and are secured by investment securities (Note 8).

19. Financial Risk Management

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

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

The Group's Asset and Liability Committee (ALCO) is responsible for the development and monitoring of the Group's risk management policies, which are approved by the Board of Directors. The Group's Risk Management policies, as approved by Board, establish a framework for identification, analysis and measurement of the risks faced by the Group, setting of appropriate risk limits and controls, as well as the monitoring of risks and adherence to limits through Risk Reports. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

19. Financial Risk Management (continued)

The Group's Board of Directors is responsible for monitoring compliance with the Group's Risk Management policies and procedures and for reviewing the adequacy of the Risk Management Framework in relation to the risks faced by the Group in keeping with the risk appetite. The Board Risk Committee of the ultimate parent regularly reviews and monitors compliance with the Group's risk management policies.

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

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

(a) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. The Group is exposed to credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

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

(a.i) Credit risk measurement

Investment Securities and Accounts/ Other Receivables

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. Refer to note 19(a)ii for more details.

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

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

(a) Credit risk: (continued)

(a.ii) Expected credit loss measurement:

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the 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. Please refer to note 19(a)ii for 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. Please refer to note 19(a) ii 3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information. Note 19(a) ii 4 includes an explanation of how the Group has incorporated this in its ECL models.

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

Change in credit quality since initial recognition

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

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

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

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

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

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

- **Quantitative criteria:**

  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.

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

- **Qualitative criteria**

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

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

19. Financial Risk Management (continued)

(a) Credit risk: (continued)

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

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

- **Qualitative criteria**

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

The assessment of SICR incorporates forward-looking information (refer to note 19(a) ii 4 for further information) in relation to investment instruments, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Risk team.

Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19. Financial Risk Management (continued)

(a) Credit risk: (continued)

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

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

- Loss Given Default (LGD) (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Debt to GDP
- Current account to GDP
- GDP growth
- Net International Reserves
- Annual inflation rate

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

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

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

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

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

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

(i) **Cash and cash equivalents**

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

(ii) **Investments and resale agreements**

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

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

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

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

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

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

Consolidated

	2019 ECL Staging				2018
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
	$'000	$'000	$'000	$'000	$'000
Credit grade					
Investment grade	438,869	-	-	438,869	455,220
Watch	313,804	18,922		332,726	194,093
Speculative	3,668	-		3,668	-
Default	-	-	-	-	-
Carrying amount	756,341	18,922	-	775,263	649,313

Separate

	2019 ECL Staging				2018
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
	$'000	$'000	$'000	$'000	$'000
Credit grade					
Investment grade	438,848	-	-	438,848	455,220
Watch	313,804	18,922		332,726	194,093
Speculative	3,668	-		3,668	-
Default	-	-	-	-	-
Carrying amount	756,320	18,922	-	775,242	649,293

19. Financial Risk Management (continued)

(a) Credit risk: (continued)

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

Client Receivables

	2019 ECL Staging				2018
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
	$'000	$'000	$'000	$'000	$'000
Credit grade					
Standard monitoring	4,469	196	-	4,664	2,840
Gross carrying amount	4,469	196	-	4,664	2,840

Information on how the Expected Credit Loss (ECL) is measured and how the three stages above are determined is included in note 19.a.ii (3) 'Expected credit loss measurement'.

(a.iii) (2) Collateral and other credit enhancements

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral to secure investments. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

(a.iv) Loss allowance

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

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;

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

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

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

- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

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

Consolidated

	Stage 1 12 month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Investment Securities				
Loss allowance as at 1 April 2018	1,584	17	-	1,601
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	-	79	-	79
New financial assets originated or purchased	368	-	-	368
Changes in PDs/LGDs/EADs	(537)	3	-	(534)
Modification of contractual cash flows of financial assets	91	-	-	91
FX and other movements	-	-	-	-
Transfers:				
Financial assets derecognised during the period	(154)	(17)		(171)
Write-offs	-	-	-	-
Loss allowance as at 31, March 2019	1,352	82		1,434

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

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

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

Separate

	Stage 1 12 month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Investment Securities				
Loss allowance as at 1 April 2018	1,584	17	-	1,601
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	-	79	-	79
New financial assets originated or purchased	368	-	-	368
Changes in PDs/LGDs/EADs	(537)	3	-	(534)
Modification of contractual cash flows of financial assets	91	-	-	91
FX and other movements	-	-	-	-
Transfers:				
Financial assets derecognised during the period	(154)	(17)		(171)
Write-offs	-	-	-	-
Loss allowance as at 31, March 2019	**1,352**	**82**	**-**	**1,434**

19. Financial Risk Management (continued)

(a) Credit risk: (continued)

(a.iv) Loss allowance: (continued)

Client Receivables

	ECL Staging			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Loss allowance as at 1 April 2018	8	-	-	8
Movements with P&L impact	-	-	-	-
Transfers:	-			
- Transfer from Stage 1 to Stage 2	-	196		196
- Transfer from Stage 1 to Stage 3	-	-	-	-
- Transfer from Stage 2 to Stage 1	-	-		-
Total net P&L charge during the period	-	196	-	196
Loss allowance as at March 31 2019	**8**	**196**	-	**204**

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

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

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

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

Consolidated

	Stage 1 12 month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Carrying Amount as at 1 April 2018	648,650	663	-	649,313
Transfers:	-	-	-	-
- Transfer from Stage 1 to Stage 2	-	19,913	-	19,913
- Transfer from Stage 1 to Stage 3	-	-	-	-
- Transfer from Stage 2 to Stage 3	-	-	-	-
- Transfer from Stage 3 to Stage 2	-	-	-	-
- Transfer from Stage 2 to Stage 1	-	-	-	-
Financial Assets Derecognized	(70,052)	(663)	-	(70,714)
New financial assets originated or purchased	209,111	-	-	209,111
Modification of contractual cash flows of financial assets	3,668	-	-	3,668
Changes in PDs/LGDs/EADs	(35,036)	(991)	-	(36,027)
FX and other Movements	-	-	-	-
Carrying amount as at 31 March 2019	756,340	18,922	-	775,263

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

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

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

Separate

	Stage 1 12 month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Carrying Amount as at 1 April 2018	648,630	663	-	649,293
Transfers:	-	-	-	-
- Transfer from Stage 1 to Stage 2	-	19,913	-	19,913
- Transfer from Stage 1 to Stage 3	-	-	-	-
- Transfer from Stage 2 to Stage 3	-	-	-	-
- Transfer from Stage 3 to Stage 2	-	-	-	-
- Transfer from Stage 2 to Stage 1	-	-	-	-
Financial Assets Derecognized	(70,052)	(663)	-	(70,715)
New financial assets originated or purchased	209,111	-	-	209,111
Modification of contractual cash flows of financial assets	3,668	-	-	3,668
Changes in PDs/LGDs/EADs	(35,036)	(991)	-	(36,027)
FX and other Movements	-	-	-	-
Carrying amount as at 31 March 2019	756,320	18,922	-	775,242

The total amount of undiscounted expected credit losses at initial recognition for purchased or originated credit-impaired financial assets recognised during the period was NIL.

(a.v) **Write-off policy**

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

The Group may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 March 2019 was NIL The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

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

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

(a.vi) **Modification of financial assets**

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

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

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

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

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

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

Modification of financial assets

	Investment Securities
	$'000
Amortised cost before modification	1,032
Net modification (loss)	-

(b) **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financials instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management requires the 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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The daily liquidity position is monitored by the Trading/ Treasury Team and Risk Unit. Weekly reports cover the liquidity position of the Group based on upcoming obligations and projected cash flow gaps is prepared by the Risk Management Unit. A summary report is submitted regularly to the Asset and Liability Committee (ALCO) with any exceptions and remedial action taken, and also being submitted to the Board Risk Committee of the ultimate parent for review and monitoring.

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

(b) **Liquidity risk** (continued)

There was no change in the Group's approach to managing its liquidity risk during the year.

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

	2019				
	Consolidated				
	Less than 3 Months $'000	3 to 12 Months $'000	Over 12 Months $'000	Total Cash Flows $'000	Carrying Value $'000
Securities sold under agreements to repurchase	242,598	86,526	145,852	474,976	471,168
Due to related party (including parent)	-	13,689	-	13,689	13,689
Redeemable preference shares	33,785	-	-	33,785	33,785
Notes payable	223,701	-	-	223,701	223,701
Notes payable due to related party	40,542	-	-	40,542	40,542
Accounts payable	17,131	-	-	17,131	17,131
	557,757	100,215	145,852	803,824	800,016

	2018				
	Consolidated				
	Less than 3 Months $'000	3 to 12 Months $'000	Over 12 Months $'000	Total Cash Flows $'000	Carrying Value $'000
Securities sold under agreements to repurchase	224,554	68,246	161,665	454,465	446,516
Due to related party	-	15,761	-	15,761	15,761
Redeemable preference shares	34,154	-	-	34,154	33,673
Notes payable	163,331	-	-	163,331	160,916
Accounts payable	11,168	-	-	11,168	11,168
	433,207	84,007	161,665	678,879	668,034

19. Financial Risk Management (Continued)

(b) Liquidity risk (Continued)

	2019				
	Separate				
	Less than 3 Months $'000	3 to 12 Months $'000	Over 12 Months $'000	Total Cash Flows $'000	Carrying Value $'000
Securities sold under agreements to repurchase	242,598	86,526	145,852	474,976	471,168
Due to related party (including parent)	1,544	9,261	-	10,805	10,805
Redeemable preference shares	33,785	-	-	33,785	33,785
Notes payable	223,701	-	-	223,701	223,701
Notes payable due to related party	40,542	-	-	40,542	40,542
Dividend payable	3,474	-	-	3,474	3,474
Accounts payable	1,601	-	-	1,601	1,601
	547,245	95,787	145,852	788,884	785,076

	2018				
	Separate				
	Less than 3 Months $'000	3 to 12 Months $'000	Over 12 Months $'000	Total Cash Flows $'000	Carrying Value $'000
Securities sold under agreements to repurchase	224,554	68,246	161,665	454,465	446,516
Due to related party	-	9,261	-	9,261	9,261
Redeemable preference shares	34,154	-	-	34,154	33,673
Notes payable	163,331	-	-	163,331	160,916
Accounts payable	2,856	-	-	2,856	2,856
	424,895	77,507	161,665	664,067	653,222

(c) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

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

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

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

Currency risk (continued)

At the reporting date the Trinidad and Tobago dollar equivalent of net foreign currency assets/liabilities was $135,294,000 (2018: $120,315,000).

Sensitivity to exchange rate movements

A 1% strengthening/weakening of the Trinidad and Tobago dollar against the United States dollar would have increased/(decreased) profits by $1,352,940 (2018: $1,203,315).

Interest rate risk

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

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

	2019 Consolidated					
	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	-	-	48,769	48,769
Investment securities	6,264	123,807	120,645	524,948	16,024	791,688
Investment due from related party	-	-	-	-	13,913	13,913
Due from related party	-	-	-	-	2,282	2,282
Interest receivable	-	-	-	-	11,007	11,007
Accounts receivable	-	-	-	-	19,694	19,694
Total financial assets	6,264	123,807	120,645	524,948	111,689	887,353
Liabilities						
Securities sold under agreements to repurchase	241,030	230,138	-	-		471,168
Due to related party	-	-	-	-	13,689	13,689
Redeemable preference shares	33,785	-	-	-	-	33,785
Notes payable	223,701	-	-	-	-	223,701
Other notes due to related party	-	40,542	-	-	-	40,542
Interest payable	-	-	-	-	8,952	8,952
Accounts payable	-	-	-	-	17,131	17,131
Total financial liabilities	498,516	270,680	-	-	39,772	808,968
Total interest sensitivity gap	(492, 252)	(146,873)	120,645	524,948	71,917	78,385
Cumulative sensitivity gap	(492,252)	(639,125)	(518,480)	6,468	78,385	

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

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

Interest rate risk (continued)

	2018 Consolidated					
	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	-	-	74,438	74,438
Investment securities	-	26,282	108,409	516,346	4,593	655,630
Interest receivable	-	-	-	-	6,376	6,376
Due from related party	-	-	-	-	381	381
Accounts receivable	-	-	-	-	5,266	5,266
Total financial assets	-	26,282	108,409	516,346	91,054	742,091
Liabilities						
Securities sold under agreements to repurchase	222,093	224,423	-	-	-	446,516
Due to related party	-	-	-	-	15,761	15,761
Redeemable preference shares	33,673	-	-	-	-	33,673
Notes payable	160,916	-	-	-	-	160,916
Interest payable	-	-	-	-	6,026	6,026
Accounts payable	-	-	-	-	11,168	11,168
Total financial liabilities	416,682	224,423	-	-	32,955	674,060
Total interest sensitivity gap	(416,682)	(198,141)	108,409	516,346	58,099	68,031
Cumulative sensitivity gap	(416,682)	(614,823)	(506,414)	9,932	68,031	

19. Financial Risk Management (continued)

(c) Market risk (continued)

Interest rate risk (continued)

	2019					
	Separate					
	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	-	-	35,447	35,447
Interest receivable	-	-	-	-	11,007	11,007
Investment securities	6,243	123,807	120,645	524,948	5,501	781,144
Amounts due from related party	-	-	-	-	16,633	16,633
Due from related party	-	-	-	-	2,720	2,720
Accounts receivable	-	-	-	-	10,416	10,416
Total financial assets	6,243	123,807	120,645	524,948	81,724	857,367
Liabilities						
Securities sold under agreements to repurchase	241,030	230,138	-	-	-	471,168
Due to related party	-	-	-	-	10,805	10,805
Interest payable	-	-	-	-	8,952	8,952
Redeemable preference shares	33,785	-	-	-	-	33,785
Notes payable	223,701	-	-	-	-	223,701
Notes due to related party	-	40,542	-	-	-	40,542
Dividend payable	-	-	-	-	3,474	3,474
Accounts payable	-	-	-	-	1,601	1,601
Total financial liabilities	498,516	270,680	-	-	24,832	794,028
Total interest sensitivity gap	(492,273)	(146,873)	120,645	524,948	56,892	63,339
Cumulative sensitivity gap	(492,273)	(639,146)	(518,501)	6,447	63,339	

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

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

Interest rate risk *(continued)*

	2018 Separate					
	Within 3 Months $'000	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
Assets						
Cash and cash equivalents	-	-	-	-	59,036	59,036
Interest receivable	-	-	-	-	6,376	6,376
Investment securities	-	26,282	108,388	516,346	1,714	652,730
Accounts receivable	-	-	-	-	2,478	2,478
Total financial assets	-	26,282	108,388	516,346	69,604	720,620
Liabilities						
Securities sold under agreements to repurchase	222,093	224,423	-	-	-	446,516
Due to related party	-	-	-	-	9,261	9,261
Interest payable	-	-	-	-	6,026	6,026
Redeemable preference shares	33,673	-	-	-	-	33,673
Notes payable	160,916	-	-	-	-	160,916
Accounts payable	-	-	-	-	2,856	2,856
Total financial liabilities	416,682	224,423	-	-	18,143	659,248
Total interest sensitivity gap	(416,682)	(198,141)	108,388	516,346	51,461	61,372
Cumulative sensitivity gap	(416,682)	(614,823)	(506,435)	9,911	61,372	

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

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

Interest rate risk (continued)

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 profit or loss and stockholders' equity.

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

	Consolidated			
	Effect on Profit 2019 $'000	Effect on Equity 2019 $'000	Effect on Profit 2018 $'000	Effect on Equity 2018 $'000
Change in basis points TT/USD				
-100/-100	-	12,476	-	12,369
+ 100/+100	-	(23,655)	-	(23,341)

	Separate			
Change in basis points TT/USD	Effect on Profit 2019 $'000	Effect on Equity 2019 $'000	Effect on Profit 2018 $'000	Effect on Equity 2018 $'000
Change in basis points				
-100/-100	-	12,476	-	12,369
+ 100/+100	-	(23,655)	-	(23,341)

19. Financial Risk Management (Continued

(d) Capital management

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

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

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

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

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

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

The regulated authorities require each regulated entity to:

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

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

The Rules of the Trinidad and Tobago Securities Exchange Commission states that the minimum capital requirement is $15 million for the Company and $5 million for subsidiary JMMB Securities (T&T) Limited. The actual capital at the reporting date was $73.4 million, for the Company and $10.0 million for the subsidiary. The Company and the subsidiary were in compliance with requirements throughout the year.

19. Financial Risk Management (continued)

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the 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 indentified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of a contingency plan;
- risk mitigation, including insurance where this is effective.

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.

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.

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. This is supported by ongoing updates to its technology infrastructure, system vulnerability assessments, training of it team members and sensitisation of customers and other stakeholders to any new and emerging threats.

19. Financial Risk Management (continued)

(e) Operational risk (continued)

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.

20. 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
Portfolio Management	Funding instruments 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.

20. Operating Segment (continued)

Consolidated Year Ended 31, March 2019	**Portfolio Management $'000**	**Bond Trading $'000**	**Equity Trading $'000**	**Other Functions $'000**	**Total $'000**
Income	15,125	3,341	5,603	491	24,560
Staff Cost			(642)	(9,233)	(9,875)
Administrative Cost			(1,333)	(3,083)	(4,433)
Profit Before Tax	**15,125**	**3,341**	**3,611**	**(11,825)**	**10,252**
As at 31, March 2019					
Assets	805,601	-	12,338	80,936	898,876
Liabilities	(694,869)	(74,327)	(13,521)	(28,677)	(811,394)

Consolidated Year Ended 31, March 2018	**Portfolio Management $'000**	**Bond Trading $'000**	**Equity Trading $'000**	**Other Functions $'000**	**Total $'000**
Income	12,567	4,247	3,459	652	20,925
Staff Cost			(642)	(9,082)	(9,724)
Administrative Cost			(1,333)	(5,634)	(6,967)
Profit Before Tax	**12,567**	**4,247**	**1,484**	**(13,512)**	**4,234**
Assets	655,630		4,126	91,130	750,886
Liabilities	(607,432)	(33,673)	(7,425)	(25,530)	(674,060)

20. Operating Segment (continued)

Separate Year Ended 31, March 2019	**Portfolio Management $'000**	**Bond Trading $'000**	**Equity Trading $'000**	**Other Functions $'000**	**Total $'000**
Income	15,125	3,195	713	2	19,035
Staff Cost	-	-	-	(9,272)	(9,272)
Administrative Cost	-	-	-	(2,981)	(2,981)
Profit Before Tax	**15,125**	**3,195**	**713**	**(12,251)**	**6,782**
Assets	795,057	-	-	72,360	867,418
Liabilities	(694,869)	(74,327)	-	(24,832)	(794,028)

Separate Year Ended 31, March 2018	**Portfolio Management $'000**	**Bond Trading $'000**	**Equity Trading $'000**	**Other Functions $'000**	**Total $'000**
Income	12,570	4,232	433	(253)	16,982
Staff Cost				(9,383)	(9,383)
Administrative Cost				(4,641)	(4,641)
Profit Before Tax	**12,570**	**4,232**	**433**	**(14,277)**	**2,958**
Assets	652,730			78,458	731,188
Liabilities	(607,432)	(33,673)		(18,143)	(659,248)

21. Fair Value of Financial Instruments

(a) Definition of fair value and fair value hierarchy

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.

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

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

(b) Accounting classifications and fair values

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

21. Fair Value of Financial Instruments (continued)

(a) Accounting classifications and fair values (continued)

	Consolidated							
	2019							
	Carrying Amount				Fair Value			
	Loan and Receivables $'000	Investments at FVOCI $'000	Other Financial Liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value								
Government of Trinidad and Tobago securities	-	252,690	-	252,690	190,924	61,766	-	252,690
Other sovereign securities	-	71,642	-	71,642	71,642	-	-	71,642
Corporate bonds	-	451,332	-	451,332	275,226	149,078	27,028	451,332
Quoted and unquoted equities	-	16,024	-	16,024	612	9,911	5,501	16,024
	-	**791,688**	-	**791,688**	**538,404**	**220,755**	**32,529**	**791,688**
Financial assets not measured at fair value								
Cash and cash equivalents	48,769	-	-	48,769				
Interest receivable	11,007	-	-	11,007				
Accounts receivable	19,694	-	-	19,694				
Due from related party	16,195	-	-	16,195				
	95,665	-	-	**95,665**				
Financial liabilities not measured at fair value								
Securities sold under agreements to repurchase	-	-	471,168	471,168				
Due to related party	-	-	13,689	13,689				
Redeemable preference shares	-	-	33,785	33,785				
Notes payable	-	-	223,701	223,701				
Notes payable to related party	-	-	40,542	40,542				
Interest payable	-	-	8,952	8,952				
Accounts payable	-	-	17,131	17,131				
	-	-	**808,968**	**808,968**				
	-	-						

* Fair value not practicably determinable as amounts are interest-free and the repayment date has not been determined.

21. Fair Value of Financial Instruments (continued)

(b) Accounting classifications and fair values (continued)

	Consolidated							
	2018							
	Carrying Amount				Fair Value			
	Loan and Receivables $'000	Available-for-Sale $'000	Other Financial Liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value								
Government of Trinidad and Tobago securities	-	250,117	-	250,117	-	250,117	-	250,117
Other sovereign securities	-	58,792	-	58,792	-	58,792	-	58,792
Corporate bonds	-	342,128	-	342,128	-	342,128	-	342,128
Quoted and unquoted equities	-	4,593	-	4,593	2,217	2,376	-	4,593
	-	**655,630**	-	**655,630**	**2,217**	**651,037**	-	**655,630**
Financial assets not measured at fair value								
Cash and cash equivalents	74,438	-	-	74,438				
Interest receivable	6,376	-	-	6,376				
Accounts receivable	5,266	-	-	5,266				
Due from related party	381	-	-	381				
	86,461	-	-	**86,461**				
Financial liabilities not measured at fair value								
Securities sold under agreements to repurchase	-	-	446,516	446,516				
Due to related party	-	-	15,761	15,761				
Redeemable preference shares	-	-	33,673	33,673				
Notes payable	-	-	160,916	160,916				
Interest payable	-	-	6,026	6,026				
Accounts payable	-	-	11,168	11,168				
	-	-	**674,060**	**674,060**				

* Fair value not practicably determinable as amounts are interest-free and the repayment date has not been determined.

21. 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 2019.

	Total $'000
Opening balance	-
Fair value losses	32,529
Closing balance	32,529

The following table presents the changes in Level 3 instruments for the year ended 31 March 2018.

	Total $'000
Opening balance	4,409
Fair value losses	(4,409)
Closing balance	-

21. Fair Value of Financial Instruments (continued)

(b) Accounting classifications and fair values (continued)

	Separate							
	2019							
	Carrying Amount				Fair Value			
	Loan and Receivables $'000	Investments at FVOCI $'000	Other Financial Liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured as fair value								
Government of Trinidad and Tobago securities	-	252,669	-	252,669	190,903	61,766		252,669
Other sovereign bonds	-	71,642	-	71,642	71,642			71,642
Corporate bonds	-	451,332	-	451,332	275,227	149,078	27,027	451,332
Quoted equities	-	5,501	-	5,501			5,501	5,501
	-	**781,144**	**-**	**781,144**	**537,772**	**210,844**	**35,528**	**781,144**
Financial assets not measured at fair value								
Cash and cash equivalents	35,447	-	-	35,447				
Interest receivable	11,007	-	-	11,007				
Accounts receivable	10,416	-	-	10,416				
Due from related parties	16,633	-	-	16,633				
	73,503	**-**	**-**	**73,503**				
Financial liabilities not measured at fair value								
Securities sold under agreements to repurchase	-	-	471,168	471,168				
Due to related party	-	-	10,805	10,805				
Redeemable preference shares	-	-	33,785	33,785				
Notes payable	-	-	223,701	223,701				
Notes due to related party	-	-	40,542	40,542				
Interest payable	-	-	8,952	8,952				
Dividend payable	-	-	3,474	3,474				
Accounts payable	-	-	1,601	1,601				
	-	**-**	**794,028**	**794,028**				

* Fair value not practicably determinable as amounts are interest-free and the repayment date has not been determined.

21. Fair Value of Financial Instruments (Continued)

(b) Accounting classifications and fair values (Continued)

	Separate							
	2018							
	Carrying Amount				Fair Value			
	Loan and Receivables $'000	Available-for-Sale $'000	Other Financial Liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured as fair value								
Government of Trinidad and Tobago securities	-	250,096	-	250,096	-	250,096	-	250,096
Other sovereign bonds	-	58,792	-	58,792	-	58,792	-	58,792
Corporate bonds	-	342,128	-	342,128	-	342,128	-	342,128
Quoted equities	-	1,714	-	1,714	1,714	-	-	1,714
	-	**652,730**	-	**652,730**	**1,714**	**651,016**	-	**652,730**
Financial assets not measured at fair value								
Cash and cash equivalents	59,036	-	-	59,036				
Interest receivable	6,376	-	-	6,376				
Accounts receivable	2,478	-	-	2,478				
	67,890	-	-	**67,890**				
Financial liabilities not measured at fair value								
Securities sold under agreements to repurchase	-	-	446,516	446,516				
Due to related party	-	-	9,261	9,261				
Redeemable preference shares	-	-	33,673	33,673				
Notes payable	-	-	160,916	160,916				
Interest payable	-	-	6,026	6,026				
Accounts payable	-	-	2,856	2,856				
	-	-	**659,248**	**659,248**				

* Fair value not practicably determinable as amounts are interest-free and the repayment date has not been determined.

21. **Fair Value of Financial Instruments** (continued)

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

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

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

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

22. **Change in Accounting Policies**

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group did not early adopt any of IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail in section 21.

The Group also adopted IFRS 15, Revenue From Contracts With Customers, effective for accounting periods beginning on or after January 1, 2018 and which replaces IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for Construction of Real Estate, IFRIC 18, Transfer of Assets from Customers and SIC-31 Revenue-Barter Transactions Involving Advertising Services. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. The adoption of IFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognised by the Group.

(a) Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 April 2018 are compared as follows:

22. Change in Accounting Policies (continued)

(a) Classification and measurement of financial instruments (continued)

Consolidated

	IAS 39		IFRS 9	
	Measurement Category	Carrying Amount	Measurement Category	Carrying Amount
		$'000		$'000
Financial Asset				
Cash and cash equivalents	Amortised Costs	74,438	Amortised Costs	74,438
Accounts receivable	Amortised Costs	5,266	Amortised Costs	5,266
Investment Securities	Fair value through OCI (Available for sale-Debt)	651,037	Fair value through OCI	651,037
	Fair value through OCI (Available for sale-Equity)	4,593	Fair value through OCI	4,593

Separate

	IAS 39		IFRS 9	
	Measurement Category	Carrying Amount	Measurement Category	Carrying Amount
		$'000		$'000
Financial Asset				
Cash and cash equivalents	Amortised Costs	59,036	Amortised Costs	59,036
Accounts receivable	Amortised Costs	2,478	Amortised Costs	2,478
Investment Securities	Fair value through OCI (Available for sale-Debt)	651,016	Fair value through OCI	651,016
	Fair value through OCI (Available for sale-Equity)	1,714	Fair value through OCI	1,714

There were no changes to the classification and measurement of financial liabilities.

(b) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The Group performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics.

Please refer to note 21 for more detailed information regarding the new classification requirements of IFRS 9.

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 April 2018:

22. Change in Accounting Policies (continued)

(b) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 (continued)

Consolidated

	IAS 39 Carrying Amount March 31, 2018	Reclassification	Remeasurement	IFRS 9 Carrying Amount April 1, 2018
	$'000	$'000	$'000	$'000
Amortised cost				
Cash and cash equivalents				
Opening balance Under IAS 39 and closing under IFRS 9	74,438	-	-	74,438
Accounts receivables				
Opening balance Under IAS 39 and closing under IFRS 9	5,266	-	-	5,266
Fair value through profit or loss				
Opening balance Under IAS 39 and closing under IFRS 9	-	-	-	-

22. Change in Accounting Policies (continued)

(b) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 (continued)

Consolidated (continued)

	IAS 39 Carrying Amount March 31, 2018 $'000	Reclassification $'000	Remeasurement $'000	IFRS 9 Carrying Amount April 1, 2018 $'000
Fair value through other comprehensive income				
Investment securities - Debt				
Opening balance under IAS 39	651,037	-	-	651,037
Addition – From Available-for-sale (IAS 39)	-	-	-	-
Addition – From Held-to-maturity	-	-	-	-
Expected credit loss	-	-	-	-
Closing under IFRS 9	**651,037**	-	-	**651,037**
Fair value through other comprehensive income				
Investment securities - Equity				
Opening balance under IAS 39	4,593	-	-	4,593
Addition – From Available-for-sale (IAS 39)	-	-	-	-
Closing under IFRS 9	4,593	-	-	4,593
Total Fair value through other e comprehensive income	655,630	-	-	655,630

22. **Change in Accounting Policies** (continued)

(b) **Reconciliation of statement of financial position balances from IAS 39 to IFRS 9** (continued)

Consolidated (continued)

The following explains how applying the new classification requirements of IFRS 9 led to changes in classification of certain financial assets held by the Group as shown in the table above:

- Designation of equity instruments at FVOCI

  The Group has elected to irrevocably designate strategic investments in a small portfolio of non-trading equity securities in clearing houses and exchanges at FVOCI as permitted under IFRS 9. These securities were previously classified as available for sale. The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed of.

(c) **Reconciliation of impairment allowance balance from IAS 39 to IFRS 9**

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 April 2018:

22. Change in Accounting Policies (continued)

(c) Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

Consolidated

Measurement Category

	Loan Loss Allowance Under IAS 39	Reclassification	Remeasurement	Loss Allowances Under IFRS 9
	$'000	$'000	$'000	$'000
Loan and receivables (IAS 39)/Amortised Cost (IFRS 9)				
Cash and cash Equivalents with Central Bank and Other Financial Institutions	-	-	-	-
Accounts receivable	8	-	-	8
Investment securities	-	-	-	-
	8	-	-	8
Held to maturity (IAS 39)/ Financial Assets at Amortised Cost (IFRS 9)	-	-	-	-
Available for sale financial Instruments (IAS 39)/ Financial assets at FVOCI (IFRS 9)	-	-	1,601	1,601

22. Change in Accounting Policies (continued)

(c) Reconciliation of impairment allowance balance from IAS 39 to IFRS 9 (continued)

Separate

Measurement Category

	Loan Loss Allowance Under IAS 39	Reclassification	Remeasurement	Loss Allowances Under IFRS 9
	$'000	$'000	$'000	$'000
Loan and receivables (IAS 39)/Amortised Cost (IFRS 9)				
Cash and cash Equivalents with Central Bank and Other Financial Institutions	-	-	-	-
Accounts receivable	-	-	-	-
Investment securities	-	-	-	-
	-	-	-	-
Held to maturity (IAS 39)/ Financial Assets at Amortised Cost (IFRS 9)	-	-	-	-
Available for sale financial Instruments (IAS 39)/ Financial assets at FVOCI (IFRS 9)	-	-	1,601	1,601

22. Change in Accounting Policies (continued)

Except for the changes above, the Group has consistently applied the accounting policies set out in note 23 to all periods presented in these consolidation financial statements.

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

23. Significant Accounting Policies

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

(a) Basis of consolidation

The consolidated financial statements combine the assets, liabilities, results of operations and cash flows of the company and its subsidiary as a single economic entity, after intra-group eliminations.

(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.

(ii) ***Intra-group amounts eliminated on consolidation***

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of the subsidiary are consistent with those of the Group.

(iii) ***Business combinations***

The Group uses the acquisition method of accounting for business combinations. The cost of acquisition is measured as the fair value of the 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. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of profit or loss and other comprehensive income.

23. Significant Accounting Policies (continued)

(b) Foreign currency translation

(i) Functional and presentation currency

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

***(ii) Transactions* and balances**

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

23. Significant Accounting Policies (continued)

(b) Foreign currency translation (continued)

(ii) *Transactions* and balances (continued)

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

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

(c) Financial instruments

Policy from 1 April 2018

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.

23. **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

From 1 April 2018, 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.

23. 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.i(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.

23. 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.

23. **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.

23. **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.

23. 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.

Policy applied prior to 1 April 2018

General

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

For the purposes of the financial statements, financial assets have been determined to comprise cash and cash equivalents, investment securities, securities purchased under agreements to resell and accounts receivable. Financial liabilities comprise securities sold under agreements to repurchase, owed to parent, notes payable and accounts payable.

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts, as set out herein.

(i) Classification of financial assets and financial liabilities

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available for sale. Management determines the appropriate classification of investments at the time of purchase, taking account of the purpose for which the financial assets were purchased.

Loans and receivables: This classification comprises financial instruments acquired, loans granted or other receivables arising, with fixed or determinable payments and which are not quoted in an active market.

Available-for-sale: The Group's financial instruments included in this classification are securities with prices quoted in an active market or for which the fair values are otherwise determinable, and which are designated as such upon acquisition, or which are not in any of the other three categories permitted by IAS 39.

The Group classifies non-derivative financial liabilities into the "other financial liabilities" category.

(ii) Recognition and derecognition - Non-derivative financial assets and financial liabilities

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

23. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

Policy applied prior to 1 April 2018 (continued)

General (continued)

(iii) Recognition and derecognition - Non-derivative financial assets and financial liabilities

The Group initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has the legal right to offset the amounts and intends either to settle them on a net basis, or to realise the assets and settle the liabilities simultaneously.

(iv) Measurement and gains and losses - Non-derivative financial assets

Loans and receivables: On initial recognition these are measured at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Where securities classified as loans and receivables become quoted in an active market, such securities will not be reclassified as available-for-sale securities. An active market is one where quoted prices are readily and regularly available from an exchange, dealer, broker or other agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Available-for-sale: On initial recognition, these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, with unrealised gains and losses arising from changes in fair value treated as follows:

- Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.

- When securities classified as available-for-sale are sold or impaired, and therefore derecognised, the fair value adjustments accumulated in other comprehensive income are reclassified to profit or loss.

23. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

Specific instruments

(i) Cash and cash equivalents

Cash comprises cash in hand, demand and call deposits with banks and very short-term balances with broker/dealers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(ii) Receivables

Receivables are measured at cost less impairment.

(iii) Accounts payable

Accounts payable are measured at amortised cost.

(iv) Interest-bearing borrowings

Interest-bearing borrowings [other than repos, which are described in Note 23(c) (v) are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption recognised in the profit or loss over the period of the borrowings on an effective yield basis.

(v) 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.

23. Significant Accounting Policies (continued)

(d) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

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

- Computer equipment	25%
- Leasehold improvements	33 1/3%
- Furniture and fixtures	10%

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

(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 against profits 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 the 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) Computer software

Computer software 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, from the date it is available for use.

23. Significant Accounting Policies (continued)

(e) Intangible assets (continued)

(ii) Customer list

Acquired customer lists are measured initially at 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 with the Group, which approximates 8 to 15 years.

(iii) Licences

This represents the value of the stock brokering licence acquired by the Group during the year. It has an indefinite useful life. The asset is tested for impairment annually, and whenever there is an indication that the asset may be impaired, the recoverable amount is computed to determine the allowance for the impairment, if any.

(iv) Trademark

The trademark acquired by the Group during the year has a finite useful life, estimated at one year, and is measured at cost less accumulated amortisation and any accumulated impairment losses.

(f) 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.

(g) Impairment

The carrying amounts of the company'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.

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

(g) Impairment

(i) Calculation of recoverable amount

The recoverable amount of the company'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.

(h) Share capital

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.

23. Significant Accounting Policies (continued)

(i) Taxation

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

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

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

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

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

(j) 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

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.

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

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

Certain new and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to the Group's operations and has determined that the following are likely to have an effect on the financial statements.

- IFRS 16, *Leases,* which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

  The Group is assessing the impact that this standard will have on its 2020 financial statements.

- Annual Improvements to IFRS Standards 2015-2017 Cycle, which is effective for annual reporting periods beginning on or after January 1, 2019:

  - Amendments to IFRS 3, *Business Combinations and* IFRS 11, *Joint Arrangements,* clarifies how a company accounts for increasing its interest in a joint operation that meets the definition of a business. The amendments also provide further guidance on what constitutes the previously held interest. This is the entire previously held interest in the joint operation.

  - Amendments to IAS 12, *Income Taxes,* clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity.

  - Amendments to IAS 23, *Borrowing Costs,* clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that are intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool. The changes are to be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

- Amendments to Reference to Conceptual Framework in IFRS Standards, which is effective for annual reporting periods beginning on or after January 1, 2020, is a comprehensive revision of the existing framework. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. Most of the concepts are not new, the revised framework codifies the IASB's thinking adopted in recent standards. Some areas such as the distinction between liabilities and equity have been removed from the revised Framework, and are being dealt with in separate projects.

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

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

- IFRIC 23, *Uncertainty Over Income Tax Treatments*, is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

  An entity has to consider whether it is probable that the relevant tax authority would accept the tax treatment, or group of tax treatments, that is adopted in its income tax filing.

  If the entity concludes that it is probable that the tax authority will accept a particular tax treatment in the tax return, the entity will determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings and record the same amount in the financial statements. The entity will disclose uncertainty.

  If the entity concludes that it is not probable that a particular tax treatment will be accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better prediction of the resolution of the uncertainty.

  If facts and circumstances change, the entity is required to reassess the judgements and estimates applied.

  IFRIC 23 reinforces the need to comply with existing disclosure requirements regarding

  - judgements made in the process of applying accounting policy to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
  - assumptions and other estimates used; and
  - potential impact of uncertainties that are not reflected in the financial statements.

  The Group is assessing the impact that this interpretation will have on its 2020 financial statements.

23. Significant Accounting Policies (continued)

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

- Amendments to IFRS 9, *Financial Instruments,* effective retrospectively for annual periods beginning on or after January 1, 2019 clarifies the treatment of:

  (i) Prepayment features with negative compensation:

  Financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

The Board clarified that IFRS 9 (as issued in 2014) requires the Group to:

- recalculate the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate (EIR); and
- recognize any adjustment to profit or loss.

The accounting treatment is therefore consistent with that required for modifications of financial assets that do not result in derecognition. If the initial application of IFRS 9 results in a change in accounting policy for these modifications or exchanges, then retrospective application is required, subject to transitional reliefs

(ii) Modifications to financial liabilities:

If the initial application of IFRS 9 results in a change in accounting policy arising from modified or exchanged fixed rate financial liabilities, retrospective application is required, subject to particular transitional reliefs. There is no change to the accounting for costs and fees when a liability has been modified, but not substantially. These are recognised as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The Group is assessing the impact that the amended standard will have on its 2020 financial statements.