RECORDS MANAGEMENT
RECEIVED
DEC 29 2020
KJ
TTSEC

KCL Capital Market Brokers Limited

Audited Financial Statements

For the year ended September 30, 2020

KCL Capital Market Brokers Limited

Audited Financial Statements
For the year ended September 30, 2020
(Expressed in Trinidad and Tobago Dollars)

Tel: +1 (868) 625 8662
Fax: +1 (868) 627 6515
www.bdo.tt

2nd Floor, CIC Building
122-124 Frederick Street
Port-Of-Spain
Trinidad and Tobago

Independent Auditor's Report

To the Shareholders of
KCL Capital Market Brokers Limited

Opinion

We have audited the financial statements of KCL Capital Market Brokers Limited (the "Company"), which comprise the statement of financial position as at September 30, 2020, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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

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

BDO

Independent Auditor's Report (continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO

December 28, 2020
Port of Spain,
Trinidad, West Indies

KCL Capital Market Brokers Limited

Statement of Financial Position
As at September 30, 2020
(Expressed in Trinidad and Tobago Dollars)

	Notes	2020	2019
ASSETS			
Cash and cash equivalents	3	78,873,564	77,383,647
Investments	4	43,601,460	75,666,557
Receivables and prepayments	5	9,620,546	8,551,979
Loans and other receivables	6	20,772,226	20,888,571
Due from related parties	7	2,462,111	2,047,846
Right of use asset	8	2,683,572	-
Investment property	9	1,050,000	1,050,000
Property and equipment	10	1,729,627	2,007,535
TOTAL ASSETS		**$160,793,106**	**$187,596,135**
EQUITY AND LIABILITIES			
EQUITY			
Ordinary share capital	12	738,443	738,443
Preference share capital	12	21,133,540	21,399,549
Retained earnings		30,611,227	32,032,901
TOTAL EQUITY		**52,483,210**	**54,170,893**
LIABILITIES			
Payables and accruals	11	104,477,668	133,381,781
Lease liability	8	3,788,767	-
Taxation payable		43,461	43,461
TOTAL LIABILITIES		**108,309,896**	**133,425,242**
TOTAL EQUITY AND LIABILITIES		**$160,793,106**	**$187,596,135**

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

These financial statements were approved by the Board of Directors of KCL Capital Market Brokers Limited on December 28, 2020.

Director

Director

KCL Capital Market Brokers Limited

Statement of Comprehensive Income
For the year ended September 30, 2020
(Expressed in Trinidad and Tobago Dollars)

	Notes	2020	2019
Interest income	13	3,457,023	4,043,473
Fees and commissions	14	13,563,059	20,263,557
Other income		1,547,933	1,041,975
Total income		**18,568,015**	**25,349,005**
Net foreign exchange gain/(loss)		484,356	(101,210)
Operating expenses	15	(15,956,016)	(14,587,354)
Profit before interest and tax		**3,096,355**	**10,660,441**
Finance cost	8	(570,464)	-
Profit before tax		**2,525,891**	**10,660,441**
Taxation charge	16	(192,961)	(245,715)
Total comprehensive income for the year		**$2,332,930**	**$10,414,726**

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

KCL Capital Market Brokers Limited

Statement of Changes in Equity
For the year ended September 30, 2020
(Expressed in Trinidad and Tobago Dollars)

	Ordinary share capital	Preference share capital	Retained earnings	Total shareholders' equity
Year ended September 30, 2020				
Balance as at October 1, 2019	738,443	21,399,549	32,032,901	54,170,893
Change on initial application of IFRS 16	-	-	(478,153)	(478,153)
Restated balance as at October 1, 2019	738,443	21,339,549	31,554,748	53,692,740
Total comprehensive income	-	-	2,332,930	2,332,930
	738,443	21,399,549	33,887,678	56,025,670
Transaction with owners				
- Redemption of preference shares		(266,009)	-	(266,009)
- Ordinary shares dividend		-	(2,158,707)	(2,158,707)
- Preference shares dividend	-	-	(1,117,744)	(1,117,744)
Balance as at September 30, 2020	**$738,443**	**$21,133,540**	**$30,611,227**	**$52,483,210**
Year ended September 30, 2019				
Balance as at October 1, 2018	738,443	16,904,321	27,653,021	45,295,785
Change on initial application of IFRS 15	-	-	(196,498)	(196,498)
Restated balance as at October 1, 2018	738,443	16,904,321	27,456,523	45,099,287
Total comprehensive income	-	-	10,414,726	10,414,726
	738,443	16,904,321	37,871,249	55,514,013
Transaction with owners				
- Issue of preference shares		5,000,000		5,000,000
- Redemption of preference shares		(504,772)	-	(504,772)
- Ordinary shares dividend		-	(4,712,738)	(4,712,738)
- Preference shares dividend	-	-	(1,125,610)	(1,125,610)
Balance as at September 30, 2019	**$738,443**	**$21,399,549**	**$32,032,901**	**$54,170,893**

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

KCL Capital Market Brokers Limited

Statement of Cash Flows
For the year ended September 30, 2020
(Expressed in Trinidad and Tobago Dollars)

	2020	2019
Cash flows from operating activities		
Profit before taxation	2,525,891	10,660,441
Adjustments for:		
Depreciation	334,203	222,139
Lease interest expense	570,464	-
(Gain)/Loss on disposal of property and equipment	(3,639)	101,212
Amortisation of right for use asset	785,436	-
Change on initial application of IFRS 15	-	(196,498)
	4,212,355	10,787,294
Changes in working capital:		
Increase in receivables and prepayments	(1,068,567)	(1,472,117)
Decrease/(increase) in loans and other receivables	13,278,525	(9,318,637)
(Increase)/decrease in due from related parties	(414,265)	1,201,889
(Decrease)/increase in payables and accruals	(28,904,113)	46,199,695
Taxes paid	(192,961)	(245,715)
Net cash (used in)/generated by operating activities	**(13,089,026)**	**47,152,409**
Cash flows from investing activities		
Purchase of investments	(54,243,617)	(136,318,365)
Proceeds from sale of investments	73,146,534	125,971,935
Purchase of property and equipment	(57,400)	(1,852,683)
Proceeds from sale of property and equipment	4,744	14,466
Net cash generated by/(used in) investing activities	**18,850,261**	**(12,184,647)**
Cash flows from financing activities		
Proceeds from issuance of shares	-	5,000,000
Repurchase of shares	(266,009)	(504,772)
Lease payments	(728,858)	-
Dividends paid	(3,276,451)	(5,838,348)
Net cash used in financing activities	**(4,271,318)**	**(1,343,120)**
Net increase in cash and cash equivalents	**1,489,917**	**33,624,643**
Cash and cash equivalents at beginning of year	77,383,647	43,759,004
Cash and cash equivalents at end of year	**$78,873,564**	**$77,383,647**

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

1. Incorporation and business activities

KCL Capital Market Brokers Limited (the "Company") was incorporated in the Republic of Trinidad and Tobago on November 18, 2003. On May 12, 2011, the Company changed its name from AIC Capital Market Brokers Limited to KCL Capital Market Brokers Limited under section 217 of the Companies Act, 1995. The Company's registered office is located at 6th Floor, Savannah East, #11 Queens Park East, Port of Spain, Trinidad and Tobago.

The Company's ultimate parent company is KAZAC Limited, a company incorporated in the Republic of Trinidad and Tobago.

The Company is registered with the Securities and Exchange Commission (SEC) under the Securities Industry Act, 1995 to act as a broker, securities company, dealer, investment adviser, trader and an underwriter.

2. Significant accounting policies

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

2.1 Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Trinidad and Tobago dollars. These financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.12.

(a) New and amended standards adopted by the Company

The company has adopted IFRS 16 Leases effective October 1, 2019. The impact on these financial statements are disclosed in Note 2.13.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning October 1, 2019, and not early adopted

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

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

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

2. Significant accounting policies (continued)

2.2 Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Company 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 functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.3 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.4 Financial assets

Classification

Under IFRS 9, the Company classifies its financial assets based on the following business models:

- Hold to collect and sell or
- Hold to collect

The Company's business model

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

- The stated objective and policies of the portfolio and the operation of those in practice. More specifically whether the Company's objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows from the sale of assets.
- Past experience on how the cash flows for these assets were collected.
- Determination of performance targets for the portfolio, how evaluated and reported to key management personnel.
- Management identification of and response to various risks, which includes but not limited to liquidity risk, market risk, credit risk and interest rate risk.
- How managers are compensated e.g. if compensation is based on the fair value of assets managed or contractual cash flows collected.

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

Based on the Company's business model, financial assets are classified into the following categories:

Amortized 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 recognised at fair value through profit and loss (FVPL) 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 18. Interest income from these financial assets is included in "interest income" on the statement of comprehensive income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI)

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

Recognition/de-recognition of financial assets

All purchases and sales of financial assets are recognised on the trade date- the date on which the Company commits to purchase or sell the financial asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Company has transferred substantially all risks and rewards of ownership.

Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The Company recognises a loss allowances 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.

Determination of fair value

Fair value is determined using valuation techniques. In these techniques fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques using input existing at year-end. The Company uses an internally developed model which is generally consistent with other valuation models used in the industry. Valuation models are used to value private equity. Some of the inputs of this model may not be market observable and are therefore based on assumptions.

2. Significant accounting policies (continued)

2.5 Property and equipment

Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the reducing balance method to allocate their cost to their residual values over their estimated useful lives, as follows:

Computer equipment	-	33 $^{1}/_{3}$%
Office equipment	-	10%
Leasehold improvements	-	20%

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income (gains) or operating expenses (losses), in the statement of comprehensive income.

2.6 Cash and cash equivalents

Cash comprises cash and balances due from banks with an original maturity period of less than three months.

2.7 Income tax

(a) Current income tax

Income tax payable (receivable) is calculated on the basis of the applicable tax law in Trinidad and Tobago and is recognised as an expense (income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on available for sale financial asset).

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from accelerated tax depreciation, revaluation of financial assets and tax losses carried forward. Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. Significant accounting policies (continued)

2.8 Revenue recognition

Most of the Company's revenue is derived from the provision of services with revenue recognised at a point in time. This is because the Company provides, and the customer accepts the goods simultaneously. Revenue is derived from fixed-price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. There is no judgement involved in allocating the contract price to each unit ordered in such contracts.

The Company also provides paying agent services which include making payments to investors as per repayment schedules, maintaining a register of investors and dealing with changes in investors. The Company identifies each performance obligation and allocates the revenue to each performance obligation. This is recognised over time.

2.9 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

2.10 Offsetting

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Investment property

The Company owns a freehold property that is held for capital appreciation. The property is not occupied by the Company. Investment property is carried at fair value, derived from the current market prices for comparable real estate as determined by qualified independent valuators. Changes in fair value are recognised in profit or loss.

2.12 Critical accounting estimates and judgments

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Income taxes

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

2. Significant accounting policies (continued)

2.12 Critical accounting estimates and judgments (continued)

(b) Impairment of investments

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

2.13 Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Company obtains substantially all the economic benefits from the use of the asset; and
- The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Company obtains substantially all the economic benefits from the use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low-value assets; and
- Leases with a duration of 12 months or less.

IFRS 16 was adopted January 1, 2019, without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at January 1, 2019, see Note 21. The following policies apply subsequent to the date of initial application, January 1, 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

2. Significant accounting policies (continued)

2.13 Leases (continued)

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before the commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy

- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

2. Significant accounting policies (continued)

2.13 Leases (continued)

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

3. Cash and cash equivalents

	2020	2019
Short term investments	57,349,899	56,766,887
Cash at bank	21,510,336	20,597,934
Cash on hand	13,329	18,826
	$78,873,564	$77,383,647

The above cash balance includes $66,682,237 (2019: $64,165,058) which represents cash held on behalf of clients in trust, the use of which is restricted.

4. Investments

	2020	2019
Cost at beginning of year	75,666,557	65,320,127
Additions	54,243,617	136,318,365
Disposals/maturities	(73,235,639)	(125,971,935)
Reversal of provision for impairment of investment	89,105	-
Matured and reclassified to loans and other receivables	(13,162,180)	-
End of year	**$43,601,460**	**$75,666,557**
Investments include the following unlisted securities:		
Corporate debt	24,609,597	61,283,829
Preference shares	18,991,863	14,382,728
	$43,601,460	$75,666,557

The maturity profile for investments is documented in Note 18 (b).

5. Receivables and prepayments

	2020	2019
Investment income receivable	1,754,111	2,534,020
Expected credit loss on investment income receivable	(131,639)	(131,639)
Net investment income receivable	**1,622,472**	**2,402,381**
Fees receivable	6,378,939	4,494,924
Receivable from clients	1,602,726	1,650,018
Other receivables	16,409	4,656
	$9,620,546	$8,551,979

6. Loans and other receivables

	2020	2019
Due from issuers of promissory notes not yet matured	3,851,626	3,851,626
Due from issuers of matured promissory notes	115,043	115,043
Due from issuers of promissory notes	3,966,669	3,966,669
Due from issuers of matured participation investments	18,017,686	18,867,741
Receivable from the Government of St. Lucia	2,829,644	2,829,644
Expected credit loss on loans and other receivables	(5,624,436)	(5,535,331)
Due from issuers of participation investments	15,222,894	16,162,054
Other receivables	1,582,663	759,848
	$20,772,226	**$ 20,888,571**

As at September 30, 2020, loans and other receivables of $16,067,261 (2019: $17,006,421) were past due but not impaired. The ageing analysis of those loans and other receivables are as follows:

	2020	2019
0 - 6 months	199,098	7,451,985
6 months to 1 year	5,550,002	2,654,361
Over 1 year	10,318,161	6,900,075
	$16,067,261	**$17,006,421**

Due from issuers of matured promissory notes, due from the issuers of matured participation investments and receivable from the Government of St. Lucia, represents amounts that matured on or before September 30, 2020, but were not repaid to the Company as originally scheduled.

6. Loans and other receivables (continued)

The Company has obtained various forms of collateral to secure the amounts now receivable as follows:

Debtor	2020	2019	Security
Government of St. Lucia	2,829,644	2,829,644	Legal judgement of EC$1,335,892 plus 6% interest and 75% probability of a ruling in the Company's favour as per lawyers against appeal filed. Receivables from Government of St Lucia of US$246,000.
Southern Hatcheries Limited	3,550,125	3,613,083	Registered charge over all equipment financed and equipment held in the Principal's name. Second Debenture on properties and personal guarantees on Principals.
Baksh Construction Services Limited		2,299,751	Registered assignments of specific contract receivables, personal and corporate guarantees of principals and first and second debenture over the fixed and floating assets of the issuer stamped to the value of the Note. Second mortgage on land.
CinemaOne Limited	1,208,999	1,208,999	Personal guarantees on Principals.
Big Sky Limited	1,077,652	1,500,000	"Two (2) parcels of land situated at No. 45 Fort George Road, St -James, on the which the Sky View Villas Apartments are being constructed. Land valued at $1,175,000. Assignment of the proceeds of sales of all apartments Personal Guarantee of the principals of the organisation. Assignment of Contractor's All Risk insurance coverage over the project with the sum insured always being at least the same as the construction cost of the project, with loss, if any, payable to the Project Lender."
Others	7,400,841	5,554,944	Assignment of cashflows on various projects and receivables and personal guarantees on Principals.
	$16,067,261	**$17,006,421**	

7. Related party transactions

In the normal course of business, the Company operates account relationships with its parent and fellow subsidiary and associated companies in accordance with established commercial practice.

	2020	2019
a) Due from related parties:		
Key management personnel *	2,448,150	2,047,846
Other related parties	13,961	
	$2,462,111	**$2,047,846**

* This comprises of balances of $194,100 (2019: $206,710) with interest rates ranging between 7.0% and 7.5% and balances of $2,268,011 (2019: $1,841,136) with interest rate of 0%. There is no fixed maturity date.

	2020	2019
b) Transactions with related parties:		
Interest income - Key management	25,185	23,339
	$25,185	**$23,339**
c) Directors' fees	211,300	217,200
	$211,300	**$ 217,200**
e) Key management compensation: Salaries and benefits	5,235,072	5,235,072
	$5,235,072	**$5,235,072**
f) Share capital held by Directors and key management personnel:		
Ordinary share capital	612,628	612,628
	$ 612,628	**$ 612,628**

8. Right of use asset and lease liability

The right of use asset relates to a lease agreement for the office from which the Company operates:

	September 30, 2020
Right of Use Assets	
Opening right of use asset	3,469,008
Amortisation of right of use asset	(785,436)
Closing right of use asset	**$2,683,572**
Lease Liability	
Opening lease liability	3,947,161
Lease payments made	(728,858)
Interest expense	570,464
Closing lease liability	**$3,788,767**

9. Investment property

	2020	2019
As at beginning of year	1,050,000	1,050,000
As at end of year	**$1,050,000**	**$1,050,000**

The investment property was acquired as repayment of an investment of the Company in December 2015. The property was last valued on December 28, 2018, by independent valuators - G. A. Farrell & Associates Limited.

10. Property and equipment

	Computer Equipment	Office Equipment	Leasehold Improvements	Total
For the year ended September 30, 2020				
Cost as at October 1, 2019	368,381	1,151,562	993,082	2,513,025
Additions for the year	46,723	10,677	-	57,400
Disposals for the year	(6,444)	482	-	(5,962)
Cost as at September 30, 2020	408,660	1,162,721	993,082	2,564,463
Accumulated depreciation as at October 1, 2019	225,427	180,755	99,308	505,490
Depreciation for the year	54,822	100,626	178,755	334,203
Depreciation on disposals	(5,370)	513	-	(4,857)
Accumulated depreciation at September 30, 2020	274,879	281,894	278,063	834,836
Net book value as at September 30, 2020	**$133,781**	**$880,827**	**$715,019**	**$1,729,627**
For the year ended September 30, 2019				
Cost as at October 1, 2018	356,285	588,627	-	944,912
Additions for the year	101,695	757,906	993,082	1,852,683
Disposals for the year	(89,599)	(194,971)	-	(284,570)
Cost as at September 30, 2019	368,381	1,151,562	993,082	2,513,025
Accumulated depreciation as at October 1, 2018	263,965	188,277	-	452,242
Depreciation for the year	47,012	75,819	99,308	222,139
Depreciation on disposals	(85,550)	(83,341)	-	(168,891)
Accumulated depreciation at September 30, 2019	225,427	180,755	99,308	505,490
Net book value as at September 30, 2019	**$142,954**	**$970,807**	**$893,774**	**$2,007,535**

11. Payables and accruals

	2020	2018
Client payables	87,326,731	117,082,728
Debt service and interest reserve	5,484,502	6,322,835
Holdbacks on facilities	3,700,970	4,210,708
Funds under management	6,079,219	4,039,492
Legal fees and stamp duty payable	732,767	908,955
Other payables	313,228	321,796
Deferred revenue	410,428	274,976
Accruals	418,073	208,541
Unsettled disbursements	11,750	11,750
	$104,477,668	**$133,381,781**

12. Share capital

Issued and fully paid	**2020**	**2019**
10,632,628 Class A ordinary shares of no par value (2019: 10,632,628)	632,629	632,629
105,814 Class B ordinary shares of no par value (2019: 105,814)	105,814	105,814
	738,443	738,443
Preference Shares		
21,133,540 preference shares of no par value (2019: 21,399,549)	21,133,540	21,399,549
Total	**$21,871,983**	**$22,137,992**

Class A ordinary shareholders are entitled to receive notice of and to attend all meetings of the shareholders of the Company and shall have one vote for each ordinary share held at all such meetings; to receive exclusive of the other classes of shares of the Company any dividends declared and payable by the Company on ordinary shares; and to receive the remaining property of the Company upon dissolution, liquidation or winding up whether voluntary or involuntary in proportion to the number of shares then held by each of them.

Class B ordinary shareholders are entitled to any dividends declared and payable by the Company on Class B ordinary shares; will carry no voting rights and no notice is given to attend all meetings of the shareholders of the Company, to receive the remaining property of the Company upon dissolution, liquidation or winding up whether voluntary or involuntary in proportion to the number of shares then held by each of them pro rata with the holders of the ordinary shares.

The issued preference shares carry no voting rights, do not have a fixed maturity date, do not attract compulsory dividends and are not subordinate to other equity instruments in the event of liquidation of the Company.

13. Interest income

	2020	2019
Interest from external investments	2,931,061	3,312,224
Interest from loans to related parties	25,185	23,339
Interest from cash balances held	500,777	707,910
	$3,457,023	**$4,043,473**

14. Fees and commissions

	2020	2019
Arrangement fees	11,562,092	19,269,443
Late payment fees	1,061,427	836,185
Advisory fees	939,540	153,197
Commissions	-	4,732
	$13,563,059	**$20,263,557**

15. Operating expenses

	2020	2019
Staff costs	11,332,107	9,611,923
Professional fees	1,485,440	1,830,648
Office expenses	770,605	733,962
Amortisation of right of use assets	785,436	-
Depreciation	334,203	223,052
Insurance expenses	312,147	127,829
Director's fee	211,300	217,200
Other expenses	187,053	257,153
Commissions	162,016	231,141
Donations	124,419	306,494
Management fees	94,966	96,193
Travel expenses	48,583	32,563
Bank charges	33,205	45,247
Advertising and public relations	32,322	20,221
Entertainment expenses	26,635	13,006
Repairs and maintenance	14,376	355,608
Board meeting expenses	1,203	5,400
Rental expenses	-	401,625
Security expenses	-	78,089
	$15,956,016	**$14,587,354**

15. Operating expenses (continued)

	2020	2019
Staff Costs		
Salaries and wages	9,651,775	8,689,648
National insurance - employer contribution	411,018	320,672
Car maintenance and gas allowance	167,540	167,965
Group health and medical	156,223	157,407
Other	945,551	276,231
	$11,332,107	**$9,611,923**
Number of employees at end of year	**32**	**33**

16. Taxation

	2020	2019
Business levy	128,641	163,710
Green fund levy	64,320	82,005
	$192,961	**$245,715**

The tax on accounting profit differs from the theoretical amount that would arise using the basic tax rate as follows:

Profit before taxation	2,525,891	10,660,441
Tax calculated at statutory rate	757,767	2,665,109
Income not subject to tax and allowances	(713,255)	(222,745)
Expenses not deductible for tax purposes	480,950	206,596
Business levy	128,641	163,710
Green fund levy	64,320	82,005
Tax losses utilised	(525,462)	(2,648,960)
	$192,961	**$245,715**

The Company has accumulated tax losses of approximately $201,646,295 (2019: $199,037,702) to carry forward against taxable profits in future years. No deferred tax asset has been recognised due to the uncertainty of future taxable income to utilize the loss.

17. Dividends

	2020	2019
Dividends paid on ordinary shares during the year	2,158,707	4,712,738
Dividends paid on preference shares during the year	1,117,744	1,125,610
	$3,276,451	**$5,838,348**

18. Financial risk management

The Company's activities expose it to a variety of financial risks. These include liquidity risk, credit risk and market risk which includes interest rate risk, foreign exchange risk and price risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

a) *Risk management structure*

Board of Directors

The Board of Directors is ultimately responsible for the establishment and oversight of the Company's risk management framework. The Board has established committees and divisions for managing and monitoring risks such as credit risk, interest rate risk and liquidity risk. The divisions report periodically on risk management to the Committees and the Committees report periodically to the Board.

Audit Committee

The Company has an Audit Committee comprising of both executive and non-executive directors. The Committee is responsible for monitoring relevant risks, statutory compliance, the integrity of the Company's financial records and reports to the Board of Directors.

Risk Management Committee

The Risk Management Committee provides oversight of the implementation and maintenance of risk-related management systems to ensure an independent control process. The Credit and Risk Division is responsible for monitoring compliance with risk policies and authorization limits in the four key areas of credit risk, market risk, liquidity risk and operational risk.

Asset/Liability Committee (ALCO)

Overall, the Committee ensures compliance with policies related to the management of liquidity risk, interest rate risk and foreign exchange risk. The ALCO is responsible for monitoring and reviewing capital, liquidity, statement of financial positions and trends, and the market risks of the investment portfolios of the Company. This is to ensure adherence to corporate-wide policies and procedures, regulatory requirement and to recommend and implement appropriate funding plans and actions.

In addition, the ALCO is responsible for monitoring adherence to trading limits, policies and procedures that are established and manages the Company's statement of financial position by allocating capital with the aim of maximizing returns while minimizing the cost of funds. This committee is an integral part of the overall risk management framework of the Company.

18. Financial risk management (continued)

a) Risk management structure (continued)

Risk measurement and reporting systems

The Company's overall risk management program seeks to minimize the potentially adverse effect of risk on the Company's financial performance in a manner consistent with the Company's investment objective.

Monitoring and controlling risk is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept, with additional emphasis on selected industries and regions.

Information compiled is examined and processed in order to identify, analyse and control risks. This information which consists of several reports is presented and explained to the Board of Directors, the Risk Management Committee, the Audit Committee and the Asset/Liability Committee. The reports include but are not limited to aggregate credit exposure, open currency positions, and liquidity ratios, business performance and compliance.

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis.

The Company's liquidity management process is carried out by the Chief Financial Officer as follows:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a portfolio of marketable assets that can be liquidated as protection against any unforeseen interruption to cash flow.
- Managing the concentration and profile of maturities.

18. Financial risk management (continued)

b) Liquidity risk (continued)

The table below presents the cash flows payable by the Company under non-derivative financial liabilities by remaining contractual maturities at the statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flow.

	Up to one year	One to five years	Over five years	No stated maturity	Total
As at September 30, 2020					
Assets					
Cash and cash equivalents	61,824,382	-	-	17,035,853	78,860,235
Investments	9,100,470	10,693,767	9,135,027	14,672,196	43,601,460
Receivables and prepayments	-	-	-	9,620,546	9,620,546
Loans and other receivables	20,772,226	-	-	-	20,772,226
Due from related parties	2,462,111	-	-	-	2,462,111
Total Assets	**$94,159,189**	**$10,693,767**	**$9,135,027**	**$41,328,595**	**$155,316,578**
Liabilities					
Payables and accruals	104,477,668	-	-	-	104,477,668
Lease liability	692,537	3,096,230			3,788,767
Total Liabilities	**$105,170,205**	**$3,096,230**	**$-**	**$-**	**$108,266,435**
Net Liquidity Risk	**$(11,011,016)**	**$7,597,537**	**$9,135,027**		
As at September 30, 2019					
Assets					
Cash and cash equivalents	56,766,887	-	-	20,597,934	77,364,821
Investments	49,209,590	3,924,767	8,149,472	14,382,728	75,666,557
Receivables and prepayments	-	-	-	8,551,979	8,551,979
Loans and other receivables	20,888,571	-	-	-	20,888,571
Due from related parties	2,047,846	-	-	-	2,047,846
Total Assets	**$128,912,894**	**$3,924,767**	**$8,149,472**	**$43,532,641**	**$184,519,774**
Liabilities					
Payables and accruals	133,381,781	-	-	-	133,381,781
Total Liabilities	**$133,381,781**	**$-**	**$-**	**$-**	**$133,381,781**
Net Liquidity Risk	**($4,468,887)**	**$3,924,767**	**$8,149,472**		

18. Financial risk management (continued)

c) Credit risk

Credit risk is the risk that a borrower or counterparty fails to meet contractual obligations or to perform as agreed. This risk is managed through robust credit appraisal governed by stringent adherence to credit risk policies in compliance with regulatory requirements. Credit risk also arises from cash and cash equivalents with banks and financial institutions. Cash and cash equivalents are held with high-quality financial institutions to reduce the risk of recoverability.

The risk of default is that counterparties may fail to make timely payments of scheduled interest and principal sums.

i) Expected credit loss measurement

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

- A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- 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).
- Further explanation is also provided of how the Company determines appropriate groupings when ECL is measured on a collective basis.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

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

18. Financial risk management (continued)

c) Credit risk (continued)

i) Expected credit loss measurement (continued)

Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when the asset shows clear evidence of impairment as the customer is having trouble with repayments and the Company has seen significant changes in the Early Warning Checklist used in the Company's ongoing credit risk monitoring.

Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower formally files for bankruptcy or there is a commencement of foreclosure proceedings.
- The obligation is classified as Doubtful or worse as per the Company's classification process.
- A modification to the terms and conditions of the original agreement that would not normally be considered is executed
- Restructure proceedings or an indication of the intention to restructure is initiated by the issuer.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), throughout the Company's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

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, either over the next 12 months (12M PD) or over the remaining lifetime (Lifetime PD) of the obligation.

18. Financial risk management (continued)

c) Credit risk (continued)

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

i) Expected credit loss measurement (continued)

- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by seniority of the claim and product type, while the availability of collateral is factored before LGD is considered. A robust system for recovering on all delinquent facilities managed by specialised units ensures that early measures are taken to contain loss. The recovery on the various products managed by the Company are recorded and this historical information is used to determine LGD. LGD is expressed as the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

  The ECL is determined by multiplying the PD, LGD and EAD after taking into consideration the discounted present value of the EAD and collateral enhancements. The EAD is determined by reducing the outstanding balance from the discounted collateral value. The cost of disposal of the collateral item is factored together with the time frame for disposal before discounting to present values. The discount rate used in the ECL calculation is the original effective interest rate.

The EAD is considered as follows:

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is calculated by taking the current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on an analysis of the product's usage over a two-year period.
- The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post-default. These vary by product type and are influenced by the collection strategies of the specialist units managing the process.

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

Forward-looking information incorporated in the ECL models

The calculation of ECL incorporates forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

18. Financial risk management (continued)

c) Credit risk (continued)

i) Expected credit loss measurement (continued)

As part of the Company's credit process assessment, it considers the impact of the macroeconomic factors on the industry and the competitive position within the industry. Included in the assessment is an examination of the entity's financial performance and position, projected cash flows, its competitive position in the sector, opportunity for growth and risk factors (financial, performance, operational, governance, business, market etc.) that impact present and future performance/position of the entity. Also considered are the impact of sector's contribution to GDP, and other factors impacting to GDP etc. unemployment rate, Inflation rate, repo rate, etc. including risk mitigating factors based on risk identified.

Sensitivity analysis

The most significant assumption affecting the ECL allowance for the Corporate/ Commercial portfolios is GDP-given the significant impact on Company performance and collateral valuations.

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

	2020	2019
Cash and cash equivalents	78,860,235	77,364,821
Investments	43,601,460	75,666,557
Receivables	9,620,546	8,551,979
Loans and other receivables	20,772,226	20,888,571
Due from related parties	2,462,111	2,047,846
	$155,316,578	**$184,519,774**

iii) Analysis of financial assets

a) A summary of financial assets is summarised below:

	2020	2019
Investments		
Neither past due nor impaired	43,601,460	75,666,557
	$43,601,460	**$75,666,557**
Loans and other receivables:		
Neither past due nor impaired	4,704,965	3,882,150
Past due but not impaired	16,067,261	17,006,421
	$20,772,226	**$20,888,571**
Receivables:		
Past due but not impaired	1,622,472	2,402,381
Neither past due nor impaired	7,998,074	6,149,598
	$9,620,546	**$8,551,979**
Due from related parties:		
Neither past due nor impaired	2,462,111	2,047,846
	$ 2,462,111	**$2,047,846**

18. Financial risk management (continued)

c) Credit risk (continued)

b) Movements in the impairment allowance for the year ended September 30, 2020 are as follows:

	2020	2019
Opening provision for impairment	7,379,040	7,379,040
Increase/(decrease) during the year:		
Provision for impairment-investments financial assets	-	-
Reversal in provision for impairment - investment income receivable	-	-
Provision for impairment - due from issuers of matured promissory notes	-	-
Closing provision for impairment	**$7,379,040**	**$7,379,040**

d) Market risk

i) Interest rate risk

Interest sensitivity of assets and liabilities

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

	2020	2019
Cash and cash equivalents	78,860,235	77,364,821
	$78,860,235	**$77,364,821**

Sensitivity Analysis

The table below summarises the Company's sensitivity to a reasonable change in the interest rate with all other variables held constant on total comprehensive income and shareholders' equity.

	Effect on Shareholders' Equity 2020	Effect on Shareholders' Equity 2019
Change in interest rate:		
+1%	4,932	5,135
-1%	(4,932)	(5,135)

18. Financial risk management (continued)

d) Market risk (continued)

ii) Foreign exchange risk

Foreign exchange risk arises from recognised financial assets and financial liabilities denominated in a currency that is not the Company's functional currency. The Company's major foreign exchange risk relates to cash and cash equivalents, investments and other receivables that are denominated in US currency and Canadian currency. The Company has the following significant currency positions.

As at September 30	**2020**	**2019**
Assets		
United States dollars:		
Cash and cash equivalents	17,729,906	17,430,957
Investments	12,779,357	52,769,986
Loans and other receivables	8,135,851	8,135,851
	$38,645,114	**$78,336,794**
Canadian dollars:		
Cash and cash equivalents	7,320	7,371
	$7,320	**$7,371**
Total Assets	**$38,652,434**	**$78,344,165**

Sensitivity analysis

The table below summarises the Company's sensitivity to a reasonable change in the US Dollar and Canadian dollar with all other variables held constant on total comprehensive income and shareholder's equity.

	Effect on Net Shareholders' Equity 2020	**Effect on Net Shareholders' Equity 2019**
Change in currency rate:		
+1%	$(386,524)	$(783,442)
-1%	$386,524	$783,442

e) Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Company meets its objectives for managing capital and ensures adherence to the requirements of Regulatory Authorities by continuous monitoring and ensuring awareness of the regulations and by ensuring that the relevant procedures and controls are in place within the Company's systems. The Rules of the Securities and Exchange Commission state that the minimum capital requirement is $5 million.

19. Fair value measurement

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

C15 Studios is fully owned by Aspire Fund Management Company, an Affiliated company to KCL by overlapping ownership. Aspire is a licensed Investment Advisory firm, regulated by Trinidad & Tobago's SEC who advises on, or owns, equity investments between TT $$3 million and TT $50 million across 10 sectors. Aspire is active in the Caribbean & Latin America's private equity, private debt, real estate and structured finance markets and has a medium to long term investment horizon. The company seeks positions primarily in Caribbean sectors it believes to be under-optimised and undervalued from a regional or global perspective; these include, but are not limited to, positions in: Media & Entertainment, Agriculture & Ag-Tech; Healthcare & Health-tech; Financial Services & Fin-tech; Food & Beverage; Transportation & Logistics, Energy and Education. Through its investment in C15 Studios Aspire intends to increase its medium to long term exposure to the Caribbean's Media and Entertainment sector and is committed to providing financial support for C15's working & acquisition capital needs, if and when required, over the medium term. Given C15's growth strategy and our assessment of the ability of its parent company to support its operating and growth capital requirements, we have maintained our carrying value of $11,977,733.56 on our holdings of 36,029 Convertible Redeemable Participating preference share in C15 Studios.

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities measured at fair value at September 30:

2020 **Assets**	**Level 1**	**Level 2**	**Level 3**	**Total balance**
Investments				
Debt securities	-	-	43,601,460	43,601,460
Total assets	**$**	**$**	**$43,601,460**	**$43,601,460**

2019 **Assets**	**Level 1**	**Level 2**	**Level 3**	**Total balance**
Investments				
Debt securities			75,666,557	75,666,557
Total assets	**$**	**$**	**$75,666,557**	**$75,666,557**

Reconciliation of movement in Level 3 investments:

	2020	**2019**
Cost at beginning of year	75,666,557	65,320,127
Additions	54,243,617	136,318,365
Disposals/maturities	(73,235,639)	(125,971,935)
Provision for impairment of investments	89,105	-
Matured and reclassified to loans and other receivables	(13,162,180)	-
End of year	**$43,601,460**	**$75,666,557**

19. Fair value measurement (continued)

Financial assets classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include corporate debt securities and preference shares. As observable prices are not available for these securities, the Company has used the value that the assets were sold to the market.

As at September 30, 2020, included in the level 3 investments above are preference shares in C15 Limited. The preference shares carry a 5% dividend yield together with certain redemption and profit participation rights designed to provide the holder with a total maximum return not to exceed 15% of C15's net profit in any given year.

C15 Limited is fully owned by Aspire Fund Management Company Limited ("Aspire"), an affiliated company to KCL Capital Market Brokers Limited by overlapping ownership. Aspire is a licensed Investment Advisory firm, regulated by Trinidad & Tobago's SEC who advises on, or owns, equity investments between TT$3 million and TT$50 million across 10 sectors. Aspire is active in the Caribbean & Latin America's private equity, private debt, real estate and structured finance markets and has a medium to long term investment horizon. The company seeks positions primarily in Caribbean sectors it believes to be under-optimised and undervalued from a regional or global perspective; these include, but are not limited to, positions in: Media & Entertainment, Agriculture & Ag-Tech; Healthcare & Health-tech; Financial Services & Fin-tech; Food & Beverage; Transportation & Logistics, Energy and Education. Through its investment in C15 Limited, Aspire intends to increase its medium to long term exposure to the Caribbean's Media and Entertainment sector and is committed to providing financial support for C15's working & acquisition capital needs, if and when required, over the medium term. Given C15 Limited's growth strategy and management assessment of the ability of its parent company to support its operating and growth capital requirements, management has maintained the carrying value of $11,977,733 on our holdings of 36,029 Convertible Redeemable Participating preference share in C15 Limited.

20. Effect of change in accounting policies

The Company adopted IFRS 16 with a transition date of October 1, 2019. The Company has chosen not to restate comparatives, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. October 1, 2019) and recognised in the opening equity balances.

Effective October 1, 2019, IFRS 16 has replaced IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease*. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained.

The Company adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application, without restatement of comparative figures. The Company elected to apply the practical expedient to not reassess whether a contract is/or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after October 1, 2019.

21. Effect of change in accounting policies

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and

Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application. As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases. However, the Company has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

Initial Recognition

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at October 1, 2019. The Company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The rate applied was 10%.

22. Subsequent events

Management evaluated all events that occurred from October 1, 2020, through December 28, 2020, the date the financial statements were available to be issued. During the period, the Company did not have any subsequent events requiring recognition or disclosure in the financial statements.

The Company is not leveraged and took strategic decision, in the past, to reinvest earnings into the business to strengthen capital base and also to set liquidity benchmarks, to buffer in challenging times. With the event of the COVID pandemic, the Company adjusted its internal processes to allow for continued operations and delivery of service. The Company's prior decision to further enhanced the corporate risk function, in this financial year, proved timely. The Company increased its complement to include an Issuer Risk function to focus on continuous monitoring of Issuer performance to allow for proactive approach to any perceived challenges in performance in that respect.

As such, as the Company continues to provide opportunity for much needed capital in the SME sector and investment opportunities to deepen the market, it continues to communicate focus to its clients on continued actions to strengthened risk resilient corporate governance in their entities and champion the benefits of same. Enhanced communication with clients and timely and relevant responses/decisions to any perceived challenge is the strategic risk approach to ensuring that businesses can take the relevant decisions to ensure sustainability and growth during this time. The length of this pandemic and impact of same on the economy is unknown at this time and the Government of Trinidad and Tobago continues to provide support and take measures to manage the impact as much as its possible. The Company will continue to be vigilant and take a continued Enterprise Risk Management strategic approach to its operations.