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MARITIME CAPITAL LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2020

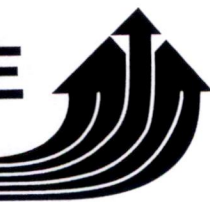


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MARITIME CAPITAL LIMITED

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MARITIME CAPITAL LIMITED

MARITIME CAPITAL LIMITED

STATEMENT OF MANAGEMENT RESPONSIBILITIES

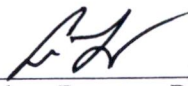
Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Maritime Capital Limited, which comprise the statement of financial position as at December 31, 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures the security of the Company's assets, detection/prevention of fraud, and the achievement of Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

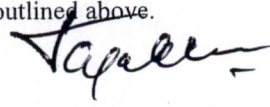
In preparing these audited financial statements, management utilized the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards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

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

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



Andrew Ferguson, Bsc, CPCU, ARe, FLMI, AFSB
Director
March 29, 2021



Salahudeen Ali, FCCA, CA, CPA, CGA
Director, Chief Financial Officer
March 29, 2021



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& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Shareholders of Maritime Capital Limited

Opinion

We have audited the financial statements of Maritime Capital Limited, which comprise the statement of financial position as at December 31, 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 December 31, 2020 and 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

Responsibilities of Management and the Board of Directors 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

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

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Address: 111 Eleventh Street, Barataria, Trinidad, West Indies
Mailing Address: PO Box 10205, Eastern Main Road, San Juan

Partners: Renée-Lisa Philip Mark K. Superville



Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.



We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Barataria
TRINIDAD
March 29, 2021

MARITIME CAPITAL LIMITED
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2020

	Notes	2020 \$	2019 \$
Assets			
Cash and cash equivalents	4	1,456,796	227,631
Accounts receivable		769,241	1,034,715
Taxation recoverable		81,525	331
Investment securities	5	4,985,000	5,000,000
Plant and equipment	6	<u>340,020</u>	<u>-</u>
Total Assets		<u>7,632,582</u>	<u>6,262,677</u>
Liabilities			
Accounts payable and accruals		877,298	413,237
Amounts due to parent company		<u>1,353,910</u>	<u>-</u>
Total Liabilities		<u>2,231,208</u>	<u>413,237</u>
Equity			
Stated capital	7	5,000,000	5,000,000
Retained earnings		<u>401,374</u>	<u>849,440</u>
Total Equity		<u>5,401,374</u>	<u>5,849,440</u>
Total Liabilities and Equity		<u>7,632,582</u>	<u>6,262,677</u>

These financial statements were approved by the Board of Directors and authorized for issue on March 29, 2021 and are signed on their behalf by:

 : Director
 : Director

MARITIME CAPITAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	2020 \$	2019 \$
Income			
Investment income	8	205,750	205,000
Fee income		78,130	80,718
Unrealised foreign exchange gain		<u>11,854</u>	<u>-</u>
		<u>295,734</u>	<u>285,718</u>
Expenditure			
Operating expenses	9	725,632	9,440
Allowance for expected credit losses		<u>15,000</u>	<u>-</u>
		<u>740,632</u>	<u>9,440</u>
Net (loss)/income before taxation		(444,898)	276,278
Less: Taxation	10	<u>3,168</u>	<u>83,742</u>
Net (loss)/income after taxation		<u>(448,066)</u>	<u>192,536</u>

MARITIME CAPITAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	Stated Capital Ordinary Shares \$	Stated Capital Preference Shares \$	Retained Earnings \$	Total \$
Balance at December 31, 2018	1	4,999,999	656,904	5,656,904
Net income after taxation	-	-	<u>192,536</u>	<u>192,536</u>
Balance at December 31, 2019	1	4,999,999	849,440	5,849,440
Net loss after taxation	-	-	<u>(448,066)</u>	<u>(448,066)</u>
Balance at December 31, 2020	<u>1</u>	<u>4,999,999</u>	<u>401,374</u>	<u>5,401,374</u>

MARITIME CAPITAL LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	\$	\$
Cash Flows from Operating Activities		
Net (loss)/income before taxation	(444,898)	276,278
Adjustment for items not involving the movement of cash:		
Depreciation	56,639	-
Allowance for expected credit losses on financial assets	<u>15,000</u>	<u>-</u>
Operating (loss)/profit before working capital changes	(373,259)	276,278
Change in accounts receivable	265,474	(176,268)
Change in amounts due to parent company	1,353,910	-
Change in accounts payable and accrual	464,061	25,887
Taxation paid	<u>(84,362)</u>	<u>(83,742)</u>
Cash generated from Operating Activities	<u>1,625,824</u>	<u>42,155</u>
Cash Flows from Investing Activities		
Additions to plant and equipment	<u>(396,659)</u>	<u>-</u>
Cash used in Investing Activities	<u>(396,659)</u>	<u>-</u>
Net increase in cash and cash equivalents	1,229,165	-
Cash and cash equivalents at the beginning of the year	<u>227,631</u>	<u>185,476</u>
Cash and cash equivalents at the end of the year	<u><u>1,456,796</u></u>	<u><u>227,631</u></u>

The notes on pages 8 to 28 form part of these financial statements.

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Incorporation and Principal Activities

The Company was incorporated in the Republic of Trinidad and Tobago on October 18, 2012 under the provision of the Companies Act, 1995. The Company is registered under the provisions of the Securities Industry Act, 2012 as a Broker-Dealer, to conduct the activities of Broker-Dealer as agent, and Broker-Dealer as principal. It is a wholly – owned subsidiary of Maritime Life (Caribbean) Limited. Its registered office is located at 29 Tenth Avenue, Barataria.

On February 03, 2015 the Company was issued a receipt for one prospectus filed with Securities and Exchange Commission of Trinidad and Tobago covering the distribution of units in the Maritime Group of Mutual Funds.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are stated in Trinidad and Tobago dollars. They have been prepared under the historical cost convention as modified for the valuation of financial assets at fair value.

The accounting policies used are consistent with those of the previous years except for the adoption of new standards and interpretations noted below.

(b) New Accounting Standards and Interpretations

i) New standards and amendments/revisions to published standards and interpretations effective in 2020 but not applicable to the Company

The Company has not applied the amendments to the following standards which became effective during the current financial year as either they do not apply to the activities of the Company or have no material impact on the financial statements

IFRS 3	Amendments to the definition of a business
IFRS 9, IAS 39 & IFRS 7	Amendments in Interest Rate Benchmark Reform
IAS 1 & IAS 8	Amendments regarding the definition of material
IFRS 16	COVID-19 Related Rent Concessions

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. Summary of Significant Accounting Policies (Continued)

(b) New Accounting Standards and Interpretations (continued)

ii) New interpretations and amended/revised standards that are not yet in effect and have not been early adopted by the Company

The following is a list of new IFRS standards and amendments issued that are not yet in effect as at December 31, 2020. The Company is currently assessing the impact of adopting these standards and interpretations.

Effective for annual periods beginning on or after 1 January 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

Effective for annual periods beginning on or after 1 January 2022

IFRS 3 Reference to the Conceptual Framework

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising from liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. Summary of Significant Accounting Policies (Continued)

(b) New Accounting Standards and Interpretations (continued)

(ii) New interpretations and amended/revised standards that are not yet in effect and have not been early adopted by the Company (continued)

IAS 37 Onerous Contracts -Costs of fulfilling a Contract

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

IFRS 1 First-time Adoption of International Financial Reporting Standards

Subsidiary as a first-time adopter-The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of IFRS 1.

IFRS 9 Fees in the '10 per cent' test for derecognition of Financial Liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. Summary of Significant Accounting Policies (Continued)

(b) New Accounting Standards and Interpretations (continued)

(ii) New interpretations and amended/revised standards that are not yet in effect and have not been early adopted by the Company (continued)

Effective for annual periods beginning on or after 1 January 2023

IFRS 17	Insurance Contracts
IAS 1	Classification of Liabilities as Current or Non-current
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are to be applied prospectively. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2. To achieve its objective, the Board issued these amendments on February 12, 2021:

- Amended paragraphs 117–122 of IAS 1, Presentation of Financial Statements to require entities to disclose their material accounting policy information rather than their significant accounting policies; and
- Amended IFRS Practice Statement 2 Making Materiality Judgements (Materiality Practice Statement) to explain and demonstrate the application of the ‘four-step materiality process’ to accounting policy disclosures by including guidance and examples on the application of materiality to accounting policy disclosures.

IAS 8	Definition of Accounting Estimates
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On February 12, 2021, the IASB published Definition of Accounting Estimates (Amendments to IAS 8) to help entities to distinguish between accounting policies and accounting estimates.

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. Summary of Significant Accounting Policies (Continued)

(c) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances and short term investments.

Short term investments are highly liquid investments and comprise deposits placed with licensed banks and financial institutions.

(d) Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial assets based on the Company's business model and the financial assets contractual terms, measured at Amortized cost (AC).

(e) Financial assets

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date on which the Company commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

The Company measures debt security at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amounts outstanding.

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. Summary of Significant Accounting Policies (Continued)

(e) Financial assets (continued)

The Business Model reflects how the Company manages groups of financial assets to generate cash flows and achieve its business objective. An assessment is made at a portfolio level and is based on factors such as:

- The stated objectives and policies of the portfolios;
- How information about financial assets and their performance is reported and evaluated by the entity's key management personnel; and
- Management's identification of and response to the risks that affect the performance of the business model.

The SPPI test requires the Company to assess the contractual terms of the financial assets. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes typically the consideration for the time value of money and credit risk. However, where the contractual term introduces volatilities that are inconsistent with a basic lending arrangement or risk exposures, the related financial assets are to be classified and measured at FVTPL or FVOCI.

Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option, on an investment-by-investment basis to present changes in the value of non-trading instruments in other comprehensive income without subsequent reclassification to profit or loss.

(f) Impairment of financial assets

Under IFRS 9, the Company assesses with a forward looking expected credit loss (ECL) model. The Company recognizes a loss allowance for ECLs associated with its assets carried at amortized cost at each reporting date.

ECLs are measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether the asset is considered to be credit impaired. The Company uses the probability of default (PD) approach when calculating ECLs.

The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. Lifetime ECL results from all possible default events over the expected life of the financial instrument. Both 12-month and lifetime ECLs are calculated on either an individual or collective basis, depending on the size and nature of the underlying portfolio of financial assets.

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. Summary of Significant Accounting Policies (Continued)

(f) Impairment of financial assets (continued)

IFRS 9 outlines a three-stage model for impairment, which the Company uses to classify its financial assets:

Stage 1: When financial assets are first recognized, are not credit impaired, continue to perform in accordance with its contractual terms and conditions and credit risk is continuously monitored, the Company records an allowance based on 12-month ECLs.

Stage 2: When financial assets are identified as having significant increases in credit risk since origination, but are not yet deemed to be credit impaired, the Company records an allowance based on lifetime ECLs.

Stage 3: When financial assets have objective evidence of impairment at the reporting date i.e. when these financial assets are deemed to be credit impaired, the Company records an allowance based on lifetime ECLs.

(g) Plant and equipment

- i) The cost of an item of plant and equipment is recognised as an asset only if it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably.

Cost includes the purchase price and any expenditure directly attributable to the acquisition of the item. Expenditures incurred for repairs and maintenance is recognised in profit or loss.

The carrying amount of an item of plant and equipment is derecognised on disposal or when no future economic benefits are expected from its disposal.

The gains or loss arising from the derecognition of the item, determined as the difference between the net disposal proceeds and the carrying amount of the item, is recognised in profit or loss, when the item is derecognised.

- ii) Plant and equipment are depreciated over their estimated useful lives using the straight line method at the following rates:

Furniture and equipment	8.33% - 25%
Motor vehicles	25%

The depreciation method, useful lives and residual values of plant and equipment are reviewed annually. During the current year no changes were required.

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. Summary of Significant Accounting Policies (Continued)

(h) Financial liabilities

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability.

Financial liabilities are re-measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in profit or loss.

(i) Provisions

Provisions are recognised when there is 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 obligation and a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(j) Revenue recognition

i) Interest income is accounted for using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period to the carrying amount of the financial instrument.

ii) Dividends are accounted for when the shareholders' right to receive the dividends is established.

iii) Fee income comprises management fees and deferred sales charges earned on two Mutual Funds managed by the Company. These fees cover the period January 1, 2020 to December 31, 2020 and are calculated daily as a percentage of net asset value of the funds.

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. **Summary of Significant Accounting Policies (Continued)**

(k) Expenses of management

i) Employee benefits

Employee benefits are all forms of consideration given by the Company in exchange for service rendered by the employees and include both short term and post-employment benefits.

Short term benefits comprise wages and salaries, bonuses, national insurance contributions, paid annual vacation and sick leave and other non-monetary benefits including group health and group life coverage. They are recognised as a liability, net of payments made and charged as expenses to profit or loss.

The expected cost of accumulating compensated absences for vacation and sick leave not yet taken is measured as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Post-employment benefits: All full time employees of the Company participate in a Defined Contribution Pension Plan operated by the parent company. The Company's contribution to this plan is charged to profit or loss as incurred.

ii) Other administrative expenses

Other administrative expenses include office, technology, legal and professional fees, advertising and sales promotions, and miscellaneous expenses.

(l) Foreign currencies

Foreign currency transactions during the year are translated into Trinidad and Tobago dollars at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities in foreign currencies at the reporting date are expressed in Trinidad and Tobago dollars at the exchange rates ruling at that date. Profits and losses thus arising are dealt with in profit or loss.

(m) Taxation

i) Deferred taxation is provided using the liability method for all temporary differences arising between the carrying amounts and tax bases of assets and liabilities using current corporation tax rates. In the opinion of management, the effect of temporary differences at December 31, 2020 is not considered material.

ii) Corporation tax is charged annually at 30% of taxable profits (2019: 30%).

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

- (a) The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Company's accounting policies.

These are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are reviewed on an ongoing basis. Actual results could differ from those estimates.

Changes in accounting estimates are recognised in the statement of income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

(b) **Critical judgements**

The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- i) Whether investments are classified as financial assets at fair value through profit or loss, at fair value through other comprehensive income, financial assets at amortised cost or loans and receivables.
- ii) Measurement of the expected credit loss allowance.
- iii) Whether preference shares are shown as equity or financial liabilities.

(c) **Key assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) **Fair values**

The fair values of financial assets are based on quoted market prices for specific or similar instruments.

ii) **Measurement of the expected credit loss allowance – IFRS 9**

The measurement of impairment losses under IFRS 9 requires the use of complex models and requires significant assumptions. A number of significant accounting judgements and estimates were required for the ECL model, these include:

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3. **Critical Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty (Continued)**

(c) **Key assumptions (continued)**

ii) **Measurement of the expected credit loss allowance – IFRS 9 (continued)**

- The Company's internal credit rating model, as this was used in calculating PD;
- The estimation of the present value of collateral values when determining impairment losses;
- Determining criteria for assessing if there has been a significant increase in credit risk; and
- Development of ECL models, including the various formulae.

iii) **Business Model Assessment**

Classification and measurement of financial assets depends on the results of the SPPI and business model assessment. The Company determines the business model at a level that reflects how financials assets are managed together to achieve the business objectives. An assessment is made at a portfolio level and is based on factors such as:

- How information about financial assets and their performance is reported and evaluated by the entity's key management personnel; and
- Management's identification of and response to the risks that affect the performance of the business model.

iv) **Plant and equipment**

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised, and the useful lives and residual values of these assets.

4. **Cash and Cash Equivalents**

	2020	2019
	\$	\$
Cash at bank	<u>1,456,769</u>	<u>227,631</u>

MARITIME CAPITAL LIMITED
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5. Investment Securities

	2020	2019
	\$	\$
At amortised cost – GoRTT Bonds	5,000,000	5,000,000
Less: Allowance for expected credit losses	<u>15,000</u>	<u>-</u>
	<u>4,985,000</u>	<u>5,000,000</u>
 Fair value by level of hierarchy- Level 2	 <u>5,170,000</u>	 <u>5,198,100</u>

6. Plant and Equipment

	Furniture & Equipment	Motor Vehicles	Total 2020	Total 2019
	\$	\$	\$	\$
Additions at cost	21,659	375,000	396,659	-
Depreciation charge for the year	<u>1,952</u>	<u>54,687</u>	<u>56,639</u>	<u>-</u>
Net book value	<u>19,707</u>	<u>320,313</u>	<u>340,020</u>	<u>-</u>

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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7. Stated Capital

The Company issued two (2) classes of capital:

An unlimited number of ordinary shares of no par value

An unlimited number of preference shares of no par value

	2020	2019
	\$	\$
Issued and fully paid		
1 ordinary share of no par value	1	1
4,999,999 preference shares of no par value	<u>4,999,999</u>	<u>4,999,999</u>
	<u><u>5,000,000</u></u>	<u><u>5,000,000</u></u>

8. Investment Income

	2020	2019
	\$	\$
Interest income	<u>205,750</u>	<u>205,000</u>
By asset classification		
Cash and cash equivalents	188	-
Investment securities at amortised cost	<u>205,562</u>	<u>205,000</u>
	<u><u>205,750</u></u>	<u><u>205,000</u></u>

9. Operating Expenses

	2020	2019
	\$	\$
Employee benefits	516,047	-
Depreciation (net)	56,639	-
Other operating expenses	<u>152,946</u>	<u>9,440</u>
	<u><u>725,632</u></u>	<u><u>9,440</u></u>
Pension costs included in employee benefits	<u>1,462</u>	-

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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10. Taxation

	2020	2019
	\$	\$
Current year	<u><u>3,168</u></u>	<u><u>83,742</u></u>
Reconciliation		
Net (loss)/income before taxation	<u>(444,898)</u>	<u>276,278</u>
Tax calculated at applicable rate	(133,469)	82,884
Items not subject to tax	40,640	-
Temporary difference	12,262	-
Other	82,884	-
Green Fund Levy	<u>851</u>	<u>858</u>
	<u><u>3,168</u></u>	<u><u>83,742</u></u>

11. Related Party Transactions

Related party transactions are transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Related parties include: persons, or a close member of that person's family, who has control, joint control, or significant influence over the Company, including members of the key management personnel; the Parent Company, all fellow subsidiary companies, all subsidiaries of the Company, any associated companies and joint venture partners, and the Parent Company's post employment benefit plan for the employees of the Company.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and conditions at market rates.

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NOTES TO THE FINANCIAL STATEMENTS
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11. Related Party Transactions (Continued)

Balances and transaction with related parties during the year were as follows:

	2020	2019
	\$	\$
(a) Assets		
Mutual Funds	360,000	-
(b) Liabilities		
Parent company	1,353,910	-
Mutual funds	374,864	-
(c) Expenses		
Fellow subsidiaries	6,971	-
(d) Post employment benefit plan		
Pension fund contributions	1,462	-
(e) Key management compensation		
Short term benefits	360,000	-

12. Capital Commitments

There are no capital commitments as at December 31, 2020 (December 31, 2019: NIL).

13. Contingent Liabilities

There are no contingent liabilities as at December 31, 2020 (December 31, 2019: NIL).

14. Funds Under Management

The assets and liabilities under management by the Company have not been included in these financial statements.

	2020	2019
	\$	\$
Assets under management	<u>6,360,682</u>	<u>7,058,638</u>
Net asset value of funds	<u>5,669,507</u>	<u>6,101,989</u>
Units held by the parent company	<u>5,186,342</u>	<u>5,389,355</u>

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15. Financial Risk

The Company is exposed to financial risk including credit risk, liquidity risk, currency risk, interest rate risk and price risk. In particular, the key financial risk is that proceeds from its financial assets are not sufficient to fund obligations arising from financial liabilities.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is exposed to credit risk mainly on its short term investments and accounts receivable.

i) Short term investments

The credit risk on short term investments is limited because the funds are invested in deposits with licensed banks and financial institutions.

ii) Accounts receivable

Accounts receivable are stated at amounts outstanding less impairment provisions. No provision was required as at December 31, 2020.

iii) Bonds

The Company invests in bonds issued only by governments, state enterprises, licensed financial institutions, and corporations with acceptable, credit ratings. The Company actively reviews all bond-issuing entities in which investments are being considered. The Company also limits the size of any given bond issue compared to the size of its investment portfolio.

iv) Concentration

The Company has set an upper limit of total assets that can be invested with any one company or group of related companies so as to avoid any significant concentration of credit risk.

v) Global economic developments and government policies

The Company actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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15. Financial Risk (Continued)

(a) Credit risk (continued)

vi) Maximum exposure to credit risk

The Company's maximum exposure to credit risk without taking account of any collateral held or other credit enhancements is as follows:

	2020	2019
	\$	\$
Maximum exposure to credit risk	<u>7,292,562</u>	<u>6,262,677</u>

vii) Credit Risk Ratings and Probability of Default (PD) estimations

For debt securities in our investment portfolios, external credit 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 realized default over the prior 12 months as published by the rating agency.

viii) Significant increase in credit risk

In order to determine whether a financial asset or portfolio of financial assets are subject to 12 month ECL or lifetime ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. Whether the risk of default on a financial instrument has increased significantly, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment.

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

15. Financial Risk (Continued)

(a) Credit risk (continued)

The Calculation of ECL

The Company calculates ECLs as the discounted product of the Probability of Default (PD) and the Loss Given Default (LGD). These are defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months or the remaining lifetime of the obligation; and
- The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is the difference between the contractual cash flows that are due to the Company and the present value of any collateral held adjusted for realization expenses.

The discount rate used in the ECL calculation is the original effective interest rate.

For financial assets classified in Stage 1, the 12 month ECL allowance is calculated based on the expectation of default occurring in the 12 months following the reporting date. These expected 12-month PDs are multiplied by the expected LGDs as defined above to derive a 12-month allowance.

For financial assets in Stage 2, having shown a significant increase in credit risk, the Company records an allowance for the lifetime ECLs. The calculations are similar to those explained above.

For financial assets considered credit impaired, the Company recognizes the lifetime ECLs, similar to that for those in Stage 2, with the PD set at 100%.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company is exposed to daily calls on its available cash resources to settle trade and financial liabilities.

i) Risk environment

The Company operates in an environment in which most investments are subject to liquidity risk. There is no active bond market and the Trinidad and Tobago Stock Exchange lists less than forty public companies. There are also only a few local licensed banking and financial institutions to deposit funds.

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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15. Financial Risk (Continued)

(b) Liquidity risk (continued)

ii) Risk management

To manage and reduce liquidity risk the Company actively matches cash inflows with liability requirements. The Company has adequate resources to meet its short term obligations as they fall due. In addition, the Company's investments in marketable equities can be used for liquidity support if the need arises. Liquidity support can also be obtained from the parent company if needed.

(c) Currency risk

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

The Company's net exposure to currency risk is as follows:

	2020 \$	2019 \$
Canadian Dollars	946,331	-
United States Dollars	<u>260,694</u>	<u>-</u>
	<u><u>1,207,025</u></u>	<u><u>-</u></u>

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on its short term investments and investments in bonds.

i) Short term investments

The short maturities of these investments allow the Company to take advantage of rising interest rates.

ii) Bonds

The Company financial assets comprise of fixed rate bonds. The market values of these bonds are sensitive to changes in interest rates. The longer the maturity of the bonds, the greater is the sensitivity to changes in interest rates. Because these assets are being held to maturity and are not traded, any changes in market value will not impact profit or loss.

The Company actively monitors bonds with maturities greater than ten years, as well as the interest rate policies of the Central Bank of Trinidad and Tobago.

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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15. Financial Risk (Continued)

(e) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (equity and commodity prices) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

i) Equity price risk

The Company is not exposed to equity price risk.

ii) Commodity price risk

The Company is not exposed to commodity price risk.

16. Fair Value Measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The Company measures fair values of financial instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques using significant unobservable inputs.

MARITIME CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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16. Fair Value Measurement (Continued)

The following methods have been used to estimate the fair values of various classes of financial instruments:

i) Current assets and current liabilities

The carrying amounts of current assets and current liabilities are a reasonable approximation of the fair values because of their short-term nature.

ii) Quoted securities

The fair values of quoted securities are determined on the basis of quoted market prices available at December 31, 2020.

iii) Unquoted securities

The fair values of unquoted securities are determined using various valuation techniques. Unquoted securities are stated at cost less accumulated impairment provisions.

17. Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The Company's overall strategy remains unchanged from 2019.

The capital structure of the Company consists of equity, which comprises issued capital and retained earnings.

Under the provisions of the Securities Industry Act 2012, the Company is required to maintain a minimum capital of \$5,000,000. The Company's total capital as at December 31, 2020 was \$5,401,374 (2019: \$5,849,440).