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MURPHY CLARKE FINANCIAL LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2020

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MURPHY CLARKE FINANCIAL LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

CONTENTS

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Murphy Clarke Financial Limited

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Murphy Clarke Financial Limited ("the Group"), which comprise the consolidated statement of financial position as at June 30, 2020, the consolidated statement of income, the consolidated statement of 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 Group keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group 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 consolidated financial statements, management utilised the International Financial Reporting Standard 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 Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying consolidated financial statements have been authorised for issue, if later. Management affirms that it has carried out its responsibilities as outlined above.

Leslie Clarke
Managing Director
September 22, 2020

Fareesha Majid
Senior Manager – Asset Management
September 22, 2020

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Independent Auditor's Report

To the Board of Directors of Murphy Clarke Financial Limited

Opinion

We have audited the consolidated financial statements of Murphy Clarke Financial Limited ("the Group"), which comprise the consolidated statement of financial position as at June 30, 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the 'International Ethics Standards Board for Accountants' Code of Ethics of Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our ethical responsibilities in accordance with these requirements and with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. Key audit matters are selected from matters communicated with those charged with governance. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and the auditor does not provide a separate opinion on these matters.

Key Audit Matters	How our Audit Addressed the Key Audit Matter
Valuation of unquoted investments	
The Group values an unquoted investment using the dividend valuation model. Additionally, industry data from the United States of America was utilized in deriving the share price.	We reviewed the valuation workings based on the dividend valuation model for reasonableness. We independently verified the critical variables inputted into the dividend valuation model to source documents.
Valuation of investment property	
The Group values investment property using the fair value model. A gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.	We reviewed independent valuation reports and computations of losses arising from the changes in the fair values.

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Independent Auditors' Report (continued)

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue the 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 consolidated financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Giles Leung.

Grant Thornton

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Port of Spain
Trinidad
September 22, 2020

MURPHY CLARKE FINANCIAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Notes	2020	2019
		$	$
ASSETS			
Cash and cash equivalents	10	96,988,532	30,797,762
Financial assets	8	71,895,718	80,057,686
Property, plant and equipment	6	1,271,952	983,385
Assets included in the disposal group classified as held for sale	23	-	7,710,600
Investment properties	7	34,610,001	40,466,595
Accounts receivable	9	2,782,869	2,433,863
Due from related parties		1,705,743	1,720,220
Other assets		588,813	257,026
Taxation recoverable		327,499	328,024
Deferred tax asset	14	779,823	217,110
TOTAL ASSETS		**210,950,950**	**164,972,271**
EQUITY AND LIABILITIES			
Equity			
Stated capital	11	20,000,000	20,000,000
Retained earnings		1,176,726	9,883,588
		21,176,726	29,883,588
Liabilities			
Financial liabilities	12	96,769,147	91,203,361
Client deposits	13	88,296,019	39,756,304
Other liabilities	15	3,513,814	2,781,030
Deferred tax liability	14	642,743	481,217
Taxation payable		552,501	866,771
		189,774,224	135,088,683
TOTAL EQUITY AND LIABILITIES		**210,950,950**	**164,972,271**

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

On September 22, 2020, the Board of Directors of Murphy Clarke Financial Limited authorized these consolidated financial statements for issue.

Director:

Director: Paul Murphy

MURPHY CLARKE FINANCIAL LIMITED
CONSOLIDATED STATEMENT OF COMPEHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Notes	2020 $	2019 $
INCOME			
Interest income		5,150,637	5,358,046
Interest expense		(4,123,923)	(3,142,395)
Net interest income		1,026,714	2,215,651
Brokerage fees		3,293,901	3,505,115
Management fee		2,047,068	1,795,875
Other income		180,010	314,486
Dividend income		389,932	436,868
Rental income		1,596,961	1,296,881
Gain on disposal of investment		821,621	678,992
Net gain from investments at fair value through profit or loss		148,901	2,343,965
Gain on foreign currency translations		493,264	1,257,802
		9,998,372	13,845,635
EXPENSES			
Change in fair value of investment properties	7	(6,718,515)	-
Loss from disposal of subsidiary	23	(3,510,600)	-
Employee costs	16	(2,688,424)	(2,702,789)
Administrative expenses	20	(4,052,863)	(3,909,274)
		(16,970,402)	(6,612,063)
(Loss)/profit before taxation		**(6,972,030)**	**7,233,572**
Taxation	14	(842,880)	(2,055,409)
(Loss)/profit for the year from continuing operations		**(7,814,910)**	**5,178,163**
Loss from discontinued operations		-	(89,400)
Total comprehensive (loss)/profit for the year		**(7,814,910)**	**5,088,763**

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

MURPHY CLARKE FINANCIAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Stated capital $	Retained earnings $	Total $
Balance as at July 1, 2019	20,000,000	9,883,588	29,883,588
Dividends	-	(891,952)	(891,952)
Total comprehensive loss for the year	-	(7,814,910)	(7,814,910)
Balance as at June 30, 2020	**20,000,000**	**1,176,726**	**21,176,726**
Balance as at July 1, 2018	20,000,000	5,467,565	25,467,565
Dividends	-	(672,740)	(672,740)
Total comprehensive profit for the year	-	5,088,763	5,088,763
Balance as at June 30, 2019	**20,000,000**	**9,883,588**	**29,883,588**

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

MURPHY CLARKE FINANCIAL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2020 $	2019 $
Cash flows from operating activities		
(Loss)/profit before taxation	(6,972,030)	7,144,172
Non-cash adjustments		
Depreciation	313,554	348,051
Loss on disposal of discontinued operation	3,510,600	-
Loss on disposal of property, plant and equipment	9,622	-
Change in fair value of investment properties	6,718,515	-
Net gain/(loss) from investments at fair value through profit or loss	(150,531)	(2,343,965)
Interest income	(5,150,637)	(5,672,046)
Interest expense	4,123,923	2,928,857
	2,403,016	2,405,069
Net changes in working capital		
Increase in accounts receivable	(164,620)	806,837
Increase in client deposits	6,450,853	7,742,072
Increase/ (decrease) in other liabilities	(481,543)	972,632
Decrease/(increase) in due from related parties	14,477	(1,720,220)
	8,222,183	10,206,390
Taxation paid (net)	(1,559,447)	(994,768)
Net cash generated from operating activities	6,662,736	9,211,622
Cash flows from investing activities		
Acquisition of property, plant and equipment	(618,280)	(2,079,998)
Increase in other assets	(331,787)	-
Net movement in investments	8,312,499	(3,454,494)
Proceeds from disposal of subsidiary	4,200,000	-
Proceeds from disposal of property, plant and equipment	6,536	-
Acquisition of investment property	(861,921)	(17,347,736)
Interest paid	(2,909,596)	(2,914,571)
Interest received	4,966,251	6,184,011
Net cash used in investing activities	12,763,702	(19,612,788)
Cash flows from financing activities		
Proceeds from issue of shares		-
Dividends paid	(891,952)	(672,740)
Net movement in financial liabilities	47,654,648	5,588,917
Net cash used in financing activities	46,762,696	4,916,177
Increase in cash and cash equivalents for the year	66,189,134	(5,484,989)
Cash and cash equivalents at beginning of the year	30,797,762	36,282,751
Cash and cash equivalents at end of year	**96,988,532**	**30,797,762**

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

1. General information

Murphy Clarke Financial Limited ("the Company") is incorporated in the Republic of Trinidad and Tobago. The address of the Company's registered office is #15 Wainwright Street, St Clair, Port of Spain. The consolidated financial statements comprise the Company and its subsidiaries Panda Holdings Limited, Stone Services Limited, Murphy Clarke Financial Limited St. Lucia, Trinity Scott Limited and Coastal Winds Limited ("the Group").

The Company is a private independently owned wealth management business, operating under a broker/dealer license, offering a full range of investment management services and providing avenues to invest in a number of products and services.

Panda Holdings Limited, Stone Services Limited, Coastal Winds Limited and Trinity Scott Limited are real estate management companies.

Panda Holdings Limited was disposed of for an amount of $4,200,000 on May 28, 2020.

Murphy Clarke Financial Limited St. Lucia has not commenced operations.

Company	**Country of Incorporation**	**Percentage Owned**	
		2020	**2019**
Stone Services Limited	Trinidad and Tobago	100%	100%
Coastal Winds Limited	Trinidad and Tobago	100%	100%
Panda Holdings Limited	Trinidad and Tobago	-	100%
Murphy Clarke Financial Limited St. Lucia	St Lucia	100%	100%
Trinity Scott Limited	Trinidad and Tobago	100%	100%

2. Basis of preparation

(a) *Basis of accounting*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) *Basis of measurement*

These consolidated financial statements are prepared on the historical cost basis, except for financial assets and investment properties at fair value through profit or loss.

(c) *Functional and reporting currency*

These consolidated financial statements are presented in Trinidad and Tobago dollars which is the Group's functional currency.

2. Basis of preparation (continued)

(d) Use of estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 4(a)(ii)	-	Determination of control over investees.
Note 4(k)	-	Leases: whether an arrangement contains a lease.
Note 4(k)	-	Lease classification.

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending June 30, 2020 is included in the following notes:

Note 4(l)	-	Recognition of deferred tax assets: availability of future taxable profits against which tax losses carried forward and can be used.
Note 4(c) and (p)	-	Determination of the fair value of financial instruments.

3. Changes in accounting policy

a) New, revised and amended standards or interpretations

i. **IFRS 16 *Leases***

The Group has adopted the new accounting pronouncements which have become effective this year, and are as follows:

IFRS 16 Leases replaces IAS 17 *Leases* along with three Interpretations (IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases-Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*).

On transition to IFRS 16 *Leases*, leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term.

3. Changes in accounting policy (continued)

b) New, revised and amended standards or interpretations not yet effective

At the date of authorisation of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Group.

The International Accounting Standards Board (IASB) has issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective for annual reporting periods beginning on or after January 1, 2020 and early application is permitted.

The IASB has issued 'Definition of a Business (Amendments to IFRS 3)' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020.

4. Significant accounting policies

The Group has consistently applied the accounting policies as set out below to all periods presented in these consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements of the Group include the assets and liabilities and results of operations of the Parent company and its subsidiaries after elimination of inter-company transactions and balances.

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – that is, when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase (negative goodwill) is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

(ii) Subsidiaries

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

4. Significant accounting policies (continued)

a) Basis of consolidation (continued)

(iii) Transactions eliminated on consolidation

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

b) Foreign currency

Transactions denominated in foreign currencies are translated into the respective functional currency at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences 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 profit or loss.

c) Financial instruments

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified as:

- fair value through profit or loss (FVTPL).

The classification is determined by both:

- the Group's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other income, except for impairment of trade receivables which is presented within expense.

4. Significant accounting policies (continued)

c) Financial instruments (continued)

(iii) Financial assets at fair value through profit or loss

This category includes financial assets held for trading or financial assets designated at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so, designated by management.

Financial assets that are held within a different business model other than 'hold to collect' or' hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains and losses recognized in profit and loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

(iv) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

(v) Financial liabilities

The Group's financial liabilities includes the margin facility, Real Asset Structured Products (RASP), certificates of investments, client deposits and other liabilities measured at amortised cost or fair value through profit or loss.

d) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the reducing balance method over the estimated useful lives of each item of equipment at the following rates:

Leasehold improvements	-	10%
Furniture and fittings	-	20-25%
Office equipment	-	25-33.33%
Motor vehicles	-	25%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4. Significant accounting policies (continued)

d) Property, plant and equipment (continued)

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

e) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

f) Investment property

Investment property is property held to earn rental income, held for capital appreciation or for both. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that as previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

The Group's policy is to perform a revaluation of the investment properties once every three years.

g) Other assets

Other assets are measured at cost.

h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at banks and other short-term highly liquid investments with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at cost in the consolidated statement of financial position.

4. Significant accounting policies (continued)

i) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of finance cost is recognised as finance cost.

j) Revenue recognition

(i) Interest income

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability and is not revised subsequently. When calculating the effective interest rate, the Group estimates the future cash flows considering all contractual terms of the financial instrument, but not the future credit losses.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

Interest income is recognised on an accrual basis in the period in which it is due and in accordance with the underlying loan contract terms and conditions except for loans classified as impaired or for loans classified as non-accrual when in management's judgment there was a deterioration in credit quality that if continued would lead to impairment.

Interest income is shown net of the interest expense incurred on managed funds.

Other income is accounted for on the accrual basis.

ii) Net gain from investments at fair value through profit or loss

Net gain from investments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income, and dividend expense on securities sold short.

iii) Fees and commissions

Fees and commissions that are material to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commissions are recognised in income when a binding obligation has been established. Where such obligations are continuing, income is recognised over the duration of the facility.

iv) Rental income

Rental income is recognised on the accrual basis.

4. Significant accounting policies (continued)

k) Leased assets

The Group is a party to lease contracts for:
Buildings: Office Space
Equipment: Bloomberg

(i) The Group as a Lessee

The Group has elected to apply the IFRS 16 exemption to all its short-term leases (up to 12 months) which do not contain a purchase option and therefore the lease payments associated with these leases have been recognised and expensed on a straight-line basis over the lease term.

(ii) The Group as a lessor

The Group also earns rental income from leases of its investment properties (See note 7). Rental income is recognised on a straight-line basis over the term of the lease.

l) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or subsequently enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or subsequently enacted at the reporting date.

Deferred tax asset and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and the current tax assets, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

m) Fiduciary activities

The Group acts in fiduciary capacities that result in the holding or placing of assets on behalf of individuals and institutions. These assets and income arising thereon are excluded from these financial statements as they are not assets or revenue of the Group.

4. Significant accounting policies (continued)

n) Dividends

Dividends are recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the Board of Directors.

o) Comparative information

Certain changes in presentation have been made in these consolidated financial statements. These changes had no effect in the operating results or profit after tax on the Group for the previous year.

p) Use of critical estimates and judgements

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Management team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 7 – Investment properties
Note 8 and 19 – Financial instruments

5. Reclassification of prior year presentation

An adjustment has been made to the consolidated financial statements to correctly classify certificate of investments as financial liabilities which were incorrectly disclosed as client deposits for the year ended June 30, 2019. This resulted in an increase in financial liabilities by $60,729,305 and a decrease in client deposits by $60,729,305. This reclassification had no effect on the reported results of operations for the year ended June 30, 2019.

6. Property, plant and equipment

	Land and buildings	Building improvements	Furniture, fittings and office equipment	Motor vehicles	Total
	$	$	$	$	$
Year ended June 30, 2020					
Cost					
Balance as at July 1, 2019	7,800,000	102,236	1,317,393	336,214	9,555,843
Additions for the year	-	109,575	508,704	-	618,279
Disposals	(7,800,000)	-	(56,554)	-	(7,856,554)
Balance as at June 30, 2020	-	211,811	1,769,543	336,214	2,317,568
Accumulated depreciation					
Balance at July 1, 2019	89,400	28,199	501,031	243,228	861,858
Charge for the year	-	15,620	274,688	23,247	313,555
Disposals	(89,400)	-	(40,397)	-	(129,797)
Balance at June 30, 2020	-	43,819	735,322	266,475	1,045,616
Net book value	**-**	**167,992**	**1,034,221**	**69,739**	**1,271,952**
Year ended June 30, 2019					
Cost					
Balance at July 1, 2018	-	102,236	1,038,998	336,214	1,477,448
Additions for the year	-	-	278,395	-	278,395
Transfer from investment properties	7,800,000	-	-	-	7,800,000
Balance at June 30, 2019	7,800,000	102,236	1,317,393	336,214	9,555,843
Accumulated depreciation					
Balance at July 1, 2018	-	19,972	281,603	212,232	513,807
Charge for the year	89,400	8,227	219,428	30,996	348,051
Balance at June 30, 2019	89,400	28,199	501,031	243,228	861,858
Net book value	**7,710,600**	**74,037**	**816,362**	**92,986**	**8,693,985**

7. Investment properties

	2020 $	2019 $
Balance as at July 1	40,466,595	29,117,256
Additions	861,921	17,347,736
Transfer to property, plant and equipment	-	(7,800,000)
Change in fair value	(6,718,515)	-
Construction in progress	-	1,801,603
Balance as at June 30	**34,610,001**	**40,466,595**

The fair value of the Group's main property assets is estimated based on appraisals performed by independent, professionally qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The appraisal was carried out using a market approach.

8. Financial assets

	2020 $	2019 $
Non-pledged financial assets at fair value through profit or loss	70,090,308	73,718,583
Non-pledged financial assets at amortized cost	95,000	95,000
Pledged financial assets designated as at fair value	1,710,410	6,244,103
	71,895,718	**80,057,686**

This balance is unsecured, non-interest bearing and repayable when finances permit.

9. Accounts receivable

Accrued interest	1,755,488	1,571,102
Other receivables	755,961	224,474
Other client receivables	271,420	638,287
	2,782,869	**2,433,863**

10. Cash and cash equivalents

Cash in hand	178,930	74,358
Cash at bank:		
Local bank accounts	16,644,804	16,121,431
Foreign broker accounts	80,164,798	14,601,973
	96,988,532	**30,797,762**

	2020 $	2019 $
11. Stated capital		
Authorised capital		
Unlimited number of ordinary shares of no par value		
Limited number of preference shares of no par value		
Issued and fully paid		
10,000,000 ordinary shares of no par value	10,000,000	10,000,000
10,000 preference shares of no par value	10,000,000	10,000,000
	20,000,000	**20,000,000**

The company's preference shares were issued in June 2017 and are cumulative perpetual shares, however, there is a call option at the end of three years whereby the company can redeem or roll forward. Dividends have been paid up at a rate of 4% annually.

	2020 $	2019 $
12. Financial liabilities		
Current	76,657,758	70,626,452
Non-current	20,111,389	20,576,909
	96,769,147	**91,203,361**
Represented by:		
Margin facility	7,345,906	9,897,147
Real Asset Structured Products	20,704,400	20,576,909
Certificate of Investments	68,718,841	60,729,305
	96,769,147	**91,203,361**
Fair value of collateral provided in respect of financial liabilities	**100,138,374**	**105,671,114**

Margin facility

The margin facility is from Morgan Stanley and has no fixed terms of repayment. The proceeds of the facility were used to purchase bonds and equities held at the same financial institution. The margin fee is calculated at a rate of one-month LIBOR plus 1.5%, which equated to approximately 1.662% (2019: 3.898%). The facility is secured by the investments which were acquired.

Real Asset Structured Products

Real Asset Structured Products (RASP) represent investments in real assets, namely real estate holdings. The weighted average interest rate offered to clients was 2.804% (2019: 2.785%) with an average life of the investment being three (3) years. The RASP structure is an unsolicited private placement of funds to clients that fit into the Company's family office structure.

12. Financial liabilities (continued)

Certificate of Investments

Certificate of investments represent fixed income securities sold to the investor at a specified fixed rate which range between 1% and 6% and the term which range between 1 year and 7 years.

	2020 $	2019 $
13. Client deposits		
Other deposits	88,296,019	30,422,766
Client deposits unsubscribed	-	9,333,538
	88,296,019	**39,756,304**
Fair value of collateral provided in respect of client deposits	**106,799,952**	**43,412,060**

(i) Other deposits represent funds received from clients which have not been allocated to a product type.

(ii) Other deposits unsubscribed represents funds received from clients to be invested in the purchase of investments and is to be allocated to Clients by the first financial quarter.

14. Taxation

	2020 $	2019 $
(i) Income tax recognised in profit or loss		
Corporation tax	1,216,243	1,182,917
Green fund levy	25,744	38,989
Business levy	2,080	2,203
Deferred tax	(401,187)	831,300
	842,880	**2,055,409**
(ii) Reconciliation of effective tax rate		
(Loss)/profit before taxation	(6,972,030)	7,233,572
Loss from discontinued operations	-	(89,400)
	(6,972,030)	7,144,172
Corporation tax at statutory rate of – 30%	(2,091,609)	2,143,252
Tax effect on non-deductible expenses	3,125,526	(129,035)
Tax effect of deductible allowances	(218,861)	-
Green fund levy	25,744	38,989
Business levy	2,080	2,203
	842,880	**2,055,409**

14. Taxation (continued)

(iii) Movement in the deferred tax (asset)/liability

The movement in deferred tax is attributable to property, plant and equipment.

	2020	2019
Deferred tax asset	$	$
The components of deferred tax are as follows:		
Property, plant and equipment		
At the beginning of the year	217,110	575,972
Deferred tax benefit/(charge)	562,861	(358,862)
At the end of the year	**779,971**	**217,110**
Deferred tax liability		
The components of deferred tax are as follows:		
Property, plant and equipment		
At the beginning of the year	481,217	-
Deferred tax charge	161,674	481,217
At the end of the year	**642,891**	**481,217**

15. Other liabilities

	2020	2019
Interest payable	2,405,074	1,190,747
Bonus accrual	230,000	-
Other payables	878,740	1,590,283
	3,513,814	**2,781,030**

16. Employee costs

	2020	2019
Salaries	1,968,319	1,656,472
National Insurance	131,011	104,927
Bonus	248,086	682,553
Medical expense	5,500	13,500
Allowances	154,380	122,880
Commissions	181,128	122,457
	2,688,424	**2,702,789**

Number of persons employed by the Group full time at year-end was 18 (2019: 13).

17. Leases

	2020 $	2019 $
The expense relating to lease payments are as follows:		
Short-term leases	184,979	168,974
Leases of low value assets	31,494	35,100
	216,473	**204,074**

Short term leases relate to the rental of equipment, payments of which are expensed to profit and loss on a straight-line basis over the term of the lease.

Leases of low value asset relate to the rental of office space, payments of which are expensed to profit and loss on a straight-line basis over the term of the lease.

18. Related parties

(i) Identity of related parties

A party is related to the Group if:

a) The party is a subsidiary or an associate of the Group;

b) The party is, directly or indirectly, either under common control or subject to significant influence with the Group or has significant or joint control of the Group.

c) The party is a close family member of a person who is part of key management personnel or who controls the Group;

d) The party is controlled or significantly influenced by a member of key management personnel or by a person who controls the Group;

e) The party is a joint venture in which the Group is a venture partner;

f) The party is a member of a Group's or its parent's key management personnel;

g) The party is a post-employment benefit plan for the Group's employees.

h) The party, or any member of a group of which it is a part, provides key management personnel services to the Group.

(ii) Key management personnel

Key management personnel receive compensation in the form of short-term, employee benefits and post-employment benefits. Key management personnel received compensation of $1,032,584 (2019: $846,143) for the year. Total remuneration is included in staff costs.

19. Financial risk management

Introduction and overview

The Group has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. The Group's management of capital is presented in Note 21.

Risk management framework

The Group maintains positions in a variety of non-derivative financial instruments in accordance with its investment management strategy. The investment strategy is to invest in marketable, high quality securities as a basis for structuring fixed income instruments and other solutions for clients. The Group's investment portfolio comprises listed and unlisted equity and debt securities.

The Group's investment manager has been given a discretionary authority to manage the assets in line with the Group's investment objectives, compliance with the target asset allocations. The composition of the portfolio is monitored by the Board of Directors on a quarterly basis. In instances where the portfolio has diverged from target asset allocations, the Group's investment manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group, resulting in a financial loss to the Group. It arises principally from debt securities held and also from cash and cash equivalents and balances due from brokers. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

(i) Management of credit risk

The Group's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards set out in the Group's prospectus and by taking collateral.

Credit risk is monitored on a daily basis by the investment manager in accordance with policies and procedures in place. Exposure to credit risk is low as issues are mainly investments grade, rated A and above. The Group's credit risk is monitored on a quarterly basis by the Board of Directors. Where the credit risk is not in accordance with the investment policy or guidelines of the Group, the investment manager is obliged to rebalance the portfolio within 21 days of each determination that the portfolio is not in compliance with the stated investment parameters.

19. Financial risk management (continued)

(a) Credit risk (continued)

(ii) Exposure to credit risk

The Group's maximum credit risk exposure (without taking into account collateral and other credit enhancements) at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

(iii) Investment in debt securities

Credit risk arising on debt securities is mitigated by investing primarily in investment-grade rated instruments, primarily with credit ratings of at least "BB" or equivalent as determined by S&P, Moody's, Fitch or other recognised Credit Rating Agencies. The Investment Committee reviews a monthly rating update from the rating agency and rebalances the portfolio where necessary. The Group may also invest in unrated debt securities whereby the Investment Analyst assigns a credit rating to these securities.

At June 30, the Group had invested in debt securities with the following credit quality:

Ratings:	2020 %	2019 %
A	3.62	3.26
BBB	5.8	4.82
BB	86.28	85.86
B	1.98	2.4
Not rated	2.32	3.66
Total	100.00	100.00

(iv) Cash and cash equivalents

The Group's cash and cash equivalents are held mainly with Scotia Bank Trinidad and Tobago Limited. The Senior Manager – Asset Management monitors the financial position on a monthly basis.

19. Financial risk management (continued)

(a) *Credit risk (continued)*

(v) *Concentration of credit risk*

The Director – Financial Engineering reviews credit concentration of debt securities held based on counterparties, industries, currency and geographic location. As at the reporting date, the Group's debt securities exposures were concentrated in the following geographic locations:

	2020 %	2019 %
Trinidad	37.90	42.15
Bermuda	23.22	21.09
UK	19.34	17.45
USA	10.21	10.64
Other	9.33	8.67
Total	**100.00**	**100.00**

In this portfolio of credit risk, there are issuer concentrations to an individual issuer or group of issuers. Investments exceeding 15% of net assets are comprised of Government of Trinidad and Tobago (GOTT) and Barclays.

(b) *Settlement risk*

The Group's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.
For the majority of transactions, the Group mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and limit monitoring processes described earlier.

(i) *Past due and impaired assets*

No financial assets carried at amortised cost were past due or impaired at June 30, 2020.

(c) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Group.

(i) *Management of liquidity risk*

The Group's policy approach to managing liquidity is to have sufficient liquidity to meet its liabilities, which risk damage to the Group's reputation. The Group's policy provides for the monthly evaluation of fixed income security obligation due and receivable. It is therefore exposed to the liquidity risk of meeting redemptions month over month on assets held.

19. Financial risk management (continued)

(c) *Liquidity risk (continued)*

(i) *Management of liquidity risk (continued)*

The Group's financial assets include unlisted equity investments which generally are illiquid. The Group's listed securities are considered to be readily realisable as they are actively traded on major Euro Bond Market, stock exchanges and on the NYSE.

The Group's liquidity risk is managed on a daily basis by the Senior Manager – Asset Management in accordance with policies and procedures in place.

The Group's overall liquidity risk is monitored on a monthly basis by the Board of Directors. The Group's redemption policy only allows for redemption of shares to be determined at fair value price agreed amongst parties within 21 days. It is the Senior Asset Manager's policy to have liquid assets comprising cash and cash equivalents and bonds for which there is an active and liquid market equal to at least 120 percent of quarterly anticipated redemptions.

The Board of Directors is empowered to impose a redemption gate should redemption levels exceed 10 percent of the net assets value of the Group in any redemption period.

(ii) *Maturity analysis of financial liabilities*

The table below shows the undiscounted cash flows of the Group's financial liabilities, including estimated interest payments, on the basis of their earliest possible contractual maturity.

	Carrying amount $	Contractual cash flows $	Less than one month $	1 to 3 months $	3 months to 1 year $	More than 1 year $
June 30, 2020						
Margin facility	7,345,906	7,345,906	-	-	-	7,345,906
RASP deposits	20,704,400	20,704,400	-	16,094,259	-	4,610,141
Certificates of investments	68,718,841	68,718,841	7,914,908	8,170,890	32,521,654	20,111,389
Client deposits	88,296,019	88,296,019	88,296,019	-	-	-
Interest payable	2,405,074	10,105,446	280,793	468,309	1,573,636	7,782,708
Other payable	878,740	878,740	878,740	-	-	-
	188,348,980	**196,049,352**	**97,370,460**	**24,733,458**	**34,095,290**	**39,850,144**

19. Financial risk management (continued)

***(c) Liquidity risk* (continued)**

(ii) *Maturity analysis of financial liabilities (continued)*

	Carrying amount $	Contractual cash flows $	Less than one month $	1 to 3 months $	3 months to 1 year $	More than 1 year $
June 30, 2019						
Margin facility	9,897,147	9,897,147	-	-	-	9,897,147
RASP deposits	20,576,909	20,576,909	-	-	-	20,576,909
Certificated of investments	60,729,305	60,729,305	6,297,423	9,273,257	28,418,182	16,740,443
Client deposits	39,756,304	39,756,304	39,756,304	-	-	-
Interest payable	1,190,747	9,969,123	183,128	460,782	1,308,057	8,017,156
Other payable	1,590,283	1,922,189	1,922,189	-	-	-
	133,740,695	**142,850,977**	**48,159,044**	**9,734,039**	**29,726,239**	**55,231,655**

The gross amounts include interest payable where applicable. The Group's expected cash flows on these instruments do not vary significantly from this analysis, except for net assets attributable to the holders of redeemable shares, which the Group has contractual obligations. Historical experience indicates that these bonds are held on a medium- or long-term basis.

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Group's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) *Management of market risk*

The Group's strategy for the management of market risk is driven by the Group's investment objective and investment strategy.

The Group's investment objective is to generate superior returns for the investors.

The Group's market risk is managed weekly but monitored on an ongoing basis by the Senior Manager – Asset Management in accordance with policies and procedures in place. The Group's market positions are monitored on a monthly basis by the Board of Directors.

(ii) *Exposure to interest rate risk*

The Group is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In respect of the Group's interest-bearing financial instruments, the Group's policy is to transact in financial instruments that mature or re-price in the short term, i.e. no longer than 12 months. Accordingly, the Group would be subject to limited exposure to fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.
A summary of the Group's interest rate gap position, categorized by the earlier of contractual re-pricing or maturity date, is as follows:

19. Financial risk management (continued)

(d) Market risk (continued)

(ii) Exposure to interest rate risk (continued)

	Less than one month $	1 to 3 months $	3 months to 1 year $	More than 1 year $	Total $
June 30, 2020					
Assets					
Cash and cash equivalents	96,988,532	-	-	-	96,988,532
Investment securities	-	-	-	71,895,718	71,895,718
	96,988,532	**-**	**-**	**71,895,718**	**168,884,250**
Liabilities					
Margin facility	-	-	-	7,345,906	7,345,906
Client deposits	88,296,019	-	-	-	88,296,019
RASP deposit	-	16,094,259	-	4,610,141	20,704,400
Certificate of investment	7,914,908	8,170,890	32,521,654	20,111,389	68,718,841
	96,210,927	**24,265,149**	**32,521,654**	**32,067,436**	**185,065,166**
Total interest sensitivity gap	**777,605**	**(24,265,149)**	**(32,521,654)**	**39,828,282**	**(16,180,916)**
June 30, 2019					
Assets					
Cash and cash equivalents	30,797,762	-	-	-	30,797,762
Investment securities	-	-	-	80,057,686	80,057,686
	30,797,762	**-**	**-**	**80,057,686**	**110,855,448**
Liabilities					
Margin facility	-	-	-	9,897,147	9,897,147
Client deposits	39,756,304	-	-	-	39,756,304
RASP deposit	-	-	-	20,576,909	20,576,909
Certificate of investment	6,297,423	9,273,257	28,418,182	16,740,443	60,729,305
	46,053,727	**9,273,257**	**28,418,182**	**47,214,499**	**130,959,665**
Total interest sensitivity gap	**(15,255,965)**	**(9,273,257)**	**(28,418,182)**	**32,843,187**	**(20,104,217)**

In order to manage interest rate risk, the Group aims to maintain a weighted average days to maturity, or contractual re-pricing date if earlier, for debt securities.

19. Financial risk management (continued)

(d) Market risk (continued)

(ii) Exposure to interest rate risk (continued)

The internal procedures require the Investment Analyst to manage interest rate risk on a weekly basis in accordance with policies and procedures in place. The Group's interest rate risk is monitored on a monthly basis by the Board of Directors. Where the interest rate risk is not in accordance with the investment policy or guidelines of the Group, the Investment Analyst is required to re-evaluate and consider options for re-allocation of the portfolio and seek concurrence from the Board of Directors.

The sensitivity analysis reflects how profit or loss and net assets attributable to holders of redeemable shares would have been affected by changes in the relevant risk variable that were reasonably possible at the end of the reporting period.

Management has determined that a fluctuation in interest rates of 400 basis points is reasonably possible, considering the economic environment in which the Group operates.

(iii) Exposure to currency risk

The Group invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in US Dollars (USD), Brazilian Real (BRL), and Canadian Dollars (CAD). Consequently, the Group is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of that portion of the Group's financial assets or liabilities denominated in currencies other than the Trinidad and Tobago dollar (TTD).

The Group's policy with respect to managing its currency risk is to limit its total foreign currency exposure, excluding USD currency, to less than 50 percent of the Group's net assets, with no individual foreign currency exposure, excluding USD currency, being greater than 20 percent of the net assets.

The Group's currency risk is managed on a daily basis by the Senior Manager – Asset Management in accordance with policies and procedures in place. Since the TTD is considered to have a "managed float" against the USD, the risk of loss between the two currencies is considered minimal. Other currency risk is managed by daily monitoring of the foreign exchange market and benchmarked to our base currency (USD). The Group's currency positions and exposures are monitored on a monthly basis by the Board of Directors.

19. Financial risk management (continued)

(d) Market risk (continued)

(iv) Exposure to currency risk (continued)

At the reporting date the carrying value of the Group's investment securities held in individual foreign currencies expressed in TTD are as follows:

	USD	GBP	CAD	Euro	Total
	$	$	$	$	$
June 30, 2020					
Foreign assets	166,962,614	909,562	223,285	71,569	168,167,030
Foreign liabilities	(135,924,140)	(282,440)	(501)	5,395	(136,201,686)
Net assets	**31,038,474**	**627,122**	**222,784**	**76,964**	**31,965,344**

	USD	GBP	CAD	Euro	Total
	$	$	$	$	$
June 30, 2019					
Foreign assets	106,482,951	129,189	1,228,326	120,358	107,960,824
Foreign liabilities	(85,836,160)	(6)	(378,548)	(21,910)	(86,236,624)
Net assets	**20,646,791**	**129,183**	**849,778**	**98,448**	**21,724,200**

(v) Exposure to other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

Price risk portfolio is managed by the Portfolio Manager and Investment Analyst by diversifying the portfolio. The Portfolio Manager further monitors concentration of risk based on counterparties and industries and geographical location.

The Group's policy for concentration of the investment portfolio profile sets limits as follows:

Country limits (excluding USD)	-	not exceeding 40%
Currency limits (excluding USD)	-	not exceeding 30%

19. Financial risk management (continued)

(d) Market risk (continued)

(v) *Exposure to other price risk* (continued)

Where the price risk is not in accordance with the investment policy or guidelines of the Group, the Portfolio Manager is required to re-evaluate and consider options for re-allocation of the portfolio and seek concurrence from the Board of Directors.

The following table sets out concentration of the investment assets, excluding derivatives, held by the Group as at the reporting date:

	2020 %	2019 %
Percentage of total assets		
Government	8.03	6.77
Corporate	91.97	93.23

There are concentrations of risk to issuers at June 30, 2020.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities with financial instruments either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- Contingency plans;
- Ethical and business standards; and
- Risk mitigation, including insurance if this is effective.

19. Financial risk management (continued)

(e) Operational risk (continued)

Substantially all of the foreign financial assets of the Group are held by Morgan Stanley, Oppenheimer and Stifel, Nicolaus & Company. The local financial assets are held by the Central Bank of Trinidad and Tobago and Scotiabank of Trinidad and Tobago Limited.

Bankruptcy or insolvency of the Group's custodian may cause the Group's rights with respect to the securities held by the custodian to be delayed or limited. The investment manager monitors credit ratings and capital adequacy of its custodian on a quarterly basis, and reviews the findings documented in the report on the internal controls annually.

(f) Financial instruments measured at fair value

The following table shows an analysis of financial instruments measured at fair value by level of the fair value hierarchy:

(i) Fair value hierarchy

June 30, 2020

Non-pledged financial assets at fair value through profit or loss

	Level 1 $	Level 2 $	Level 3 $	Total $
Equity investments listed				
Banking/financial services	3,717,615	-	-	3,717,615
Conglomerate	1,874,612	-	-	1,874,612
Entertainment	322,640	-	-	322,640
Health care	330,263	-	-	330,263
Oil, gas and coal	36,935	-	-	36,935
Other	468,860	-	-	468,860
Technology	3,562,711	-	-	3,562,711
Debt securities				
Banking/financial services	27,039,160	-	-	27,039,160
Construction	996,164	-	-	996,164
Entertainment	-	754,171	-	754,171
Oil, gas and coal	17,233,400	-	-	17,233,400
Other	-	659,987	-	659,987
Retail	3,258,647	-	-	3,258,647
State	5,827,399	-	-	5,827,399
Technology	4,007,744	-	-	4,007,744
Total	**68,676,150**	**1,414,158**	**-**	**70,090,308**

19. Financial risk management (continued)

(f) Financial instruments measured at fair value (continued)

(i) Fair value hierarchy (continued)

Pledged financial assets at fair value through profit or loss

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Equity Investments Ltd				
Technology	245,426	-	-	245,426
Debt securities				
Banking/financial services	1,464,984	-	-	1,464,984
Total	1,710,410	-	-	1,710,410

The following table shows an analysis of financial instruments measured at fair value by level of the fair value hierarchy:

June 30, 2019

Non-pledged financial assets at fair value through profit or loss

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Equity investments listed				
Banking/financial services	2,274,390	-	-	2,274,390
Conglomerate	674,969	-	-	674,969
Consumer services	1,467,078	-	-	1,467,078
Entertainment	930,469	-	-	930,469
Health care	592,641	-	-	592,641
Oil, gas and coal	337	1	-	338
Other	116,585	-	-	116,585
Technology	6,837,824	-	-	6,837,824
Debt securities				
Banking/financial services	26,528,156	-	-	26,528,156
Construction	1,050,956	-	-	1,050,956
Entertainment	-	1,076,026	-	1,076,026
Oil, gas and coal	19,893,238	-	-	19,893,238
Other	-	1,375,540	-	1,375,540
Retail	3,734,053	-	-	3,734,053
State	5,478,917	-	-	5,478,917
Technology	1,687,403	-	-	1,687,403
Total	71,267,016	2,451,567	-	73,718,583

19. Financial risk management (continued)

(f) Financial instruments measured at fair value (continued)

(i) Fair value hierarchy (continued)

Pledged financial assets at fair value through profit or loss

	Level 1 $	Level 2 $	Level 3 $	Total $
Equity Investments Ltd				
Banking/financial services	1,471,177	-	-	1,471,177
Technology	4,772,926	-	-	4,772,926
Total	**6,244,103**	**-**	**-**	**6,244,103**

(g) Financial instruments not measured at fair value

The table below shows the financial assets and liabilities not measured at fair value and analyses them by level in the fair value hierarchy into which the fair value measurement is categorised. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Level 1 $	Level 2 $	Level 3 $	Fair value $	Total carrying amount $
As at June 30, 2020					
Liabilities					
Client deposits	88,296,019	-	-	88,296,019	88,296,019
Financial liabilities	96,769,147	-	-	96,769,147	96,769,147
	185,065,166	**-**	**-**	**185,065,166**	**185,065,166**
As at June 30, 2019					
Liabilities					
Client deposits	39,756,304	-	-	39,756,304	39,756,304
Financial liabilities	91,203,361	-	-	91,203,361	91,203,361
	130,959,665	**-**	**-**	**130,959,665**	**130,959,665**

19. Financial risk management (continued)

(g) *Financial instruments not measured at fair value (continued)*

The fair value of borrowings and payables under repurchase agreements is estimated using discounted cash flow techniques, applying the rates that are offered for borrowings and payables under repurchase agreements of similar maturities and terms.

20. Administrative expenses

	2020 $	2019 $
Advertising and promotions	83,996	23,103
Bank charges and interest	36,804	36,020
Brokerage fees	527	73
Business licenses and permits	36,000	-
Commissions expense	14,000	-
Computer and internet expenses	29,663	48,104
Consultancy expense	10,250	32,000
Courier and postage	29,805	17,821
Depreciation	313,555	348,057
Donations	11,760	21,941
Dues and subscriptions	38,462	68,769
Entertainment	99,555	57,307
Equipment lease	193,529	181,390
Events	10,000	-
Insurance	258,417	300,068
Loss on disposal of property, plant and equipment	9,622	-
Miscellaneous expenses	6,658	4,381
Motor vehicle expenses	-	19,882
Office expenses	120,313	145,684
Penalty and interest	1,341	78,000
Professional fees	572,897	670,796
Rent	71,494	35,100
Repairs and maintenance	600,071	349,405
Security	82,433	27,000
Telephone	54,339	48,605
Training	33,125	144,720
Transaction fees	1,140,869	1,102,074
Travel	51,772	115,971
Utilities	74,918	57,543
Website	3,000	3,000
Withholding tax	63,688	61,860
	4,052,863	**3,998,674**

21. Capital management

The Group is required by the Securities and Exchange Commission to maintain authorised and paid up capital at a minimum amount of $5million in the form of management shares. The holders of management shares are entitled to a repayment of up to par value only upon the winding up of the Group in priority to ordinary redeemable shares. The Group is not subject to other externally imposed capital requirements.

22. Third party assets under management

Third party owned assets which are managed by the Group in a fiduciary capacity and therefore not included in these consolidated financial statements amounted to $331million as at June 30, 2020 (2019: $257million).

23. Discontinued operation

During 2020, management decided to dispose of one of its subsidiaries, Panda Holdings Limited. Assets and liabilities relating to Panda Holdings Limited were classified as held for sale in the disposal group. Expenses relating to the disposal of this subsidiary of the Group have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item in the statement of comprehensive income.

On May 28, 2020 Panda Holdings Limited was sold for the total of $4,200,000 resulting in a loss of $3,510,600.

Operating profit of Panda Holdings Limited and disposal of assets and liabilities classified as held for sale are summarized as follows:

	2020 $	2019 $
Revenue	-	-
Administrative expenses	-	(89,400)
Loss before tax	-	(89,400)
Taxation	-	-
Loss for year ended from discontinued operations	-	(89,400)

The carrying amounts of assets in this disposal group are summarised as follows:

	2020	2019
Assets		
Investment properties	-	7,710,600
Assets included in the disposal group classified as held for sale	**-**	**7,710,600**

24. Events after the reporting date

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to affect Trinidad and Tobago, the region and the world.

Management is uncertain of the effects of the global pandemic on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Group's operations as at the date of these financial statements.