



ANSA SECURITIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2023

Ernst & Young Services Limited



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Building a better
working world

ANSA SECURITIES LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ANSA SECURITIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ANSA Securities Limited (“the Company”), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive loss, 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 material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 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 *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ (“IESBA”) International Code of Ethics for Professional Accountants (including International Independence Standards) (“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 Audit Committee 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 Audit Committee is responsible for overseeing the Company’s financial reporting process.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ANSA SECURITIES LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ANSA SECURITIES LIMITED

Report on the Audit of the Financial Statements

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

(Continued)

We communicate with management 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.

A handwritten signature in blue ink that reads 'EY'.

Port of Spain,
TRINIDAD:
26 March 2024

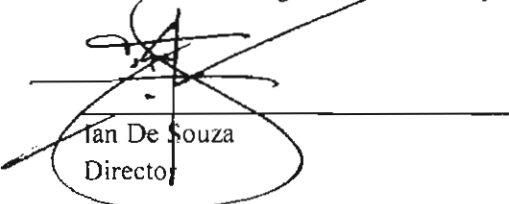
ANSA SECURITIES LIMITED

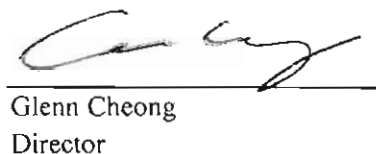
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2023	2022
Assets			
Cash	4	4,279	3,895
Fixed deposit	5, 10	10,000	10,000
Deferred tax asset		14	–
Tax recoverable		26	115
Interest receivable		277	277
Total assets		14,596	14,287
Liabilities			
Accounts and other payables	6	2,421	2,091
Total liabilities		2,421	2,091
Equity			
Stated capital	7	10,000	10,000
Retained earnings		2,175	2,196
Total equity		12,175	12,196
Total liabilities and equity		14,596	14,287

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

These financial statements were approved by the Board of Directors and authorised for issue on 25 March 2024 and signed on its behalf by:


Ian De Souza
Director


Glenn Cheong
Director

ANSA SECURITIES LIMITED

STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2023	2022
Interest income	10	300	307
General administrative expenses	8	<u>(329)</u>	<u>(311)</u>
Net loss before taxation		(29)	(4)
Taxation	9	<u>8</u>	<u>–</u>
Total comprehensive loss for the year		<u>(21)</u>	<u>(4)</u>

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

ANSA SECURITIES LIMITED

STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2023
 (Expressed in thousands of Trinidad and Tobago dollars)

	Note	Stated capital	Retained earnings	Total equity
Balance as at 1 January 2022		10,000	2,200	12,200
Total comprehensive loss for the year		<u>—</u>	<u>(4)</u>	<u>(4)</u>
Balance as at 31 December 2022		10,000	2,196	12,196
Total comprehensive loss for the year		<u>—</u>	<u>(21)</u>	<u>(21)</u>
Balance as at 31 December 2023	7	<u>10,000</u>	<u>2,175</u>	<u>12,175</u>

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

ANSA SECURITIES LIMITED

STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2023
 (Expressed in thousands of Trinidad and Tobago dollars)

	Note	2023	2022
Cash flows from operating activities			
Loss before taxation		(29)	(4)
Decrease in interest receivable		–	68
Increase in accounts and other payables		<u>330</u>	<u>347</u>
		301	411
Taxes refunded (net of paid)		<u>83</u>	<u>(24)</u>
Net cash generated from operating activities		<u>384</u>	<u>387</u>
Net increase in cash		384	387
Cash at the beginning of the year		<u>3,895</u>	<u>3,508</u>
Cash at the end of the year	4	<u><u>4,279</u></u>	<u><u>3,895</u></u>
Supplemental information:			
Interest received		300	375

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

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Trinidad and Tobago dollars)

1. Corporate information

ANSA Securities Limited (the 'Company') was incorporated in the Republic of Trinidad and Tobago on 23 May 2008. Its registered office is located at ANSA Centre, 11 Maraval Road, Port of Spain. The Company is registered with the Trinidad and Tobago Securities Exchange Commission to carry out the business of Brokers/Dealers. During the current and preceding financial years represented in these financial statements, the Company did not carry on any business.

The immediate parent of the Company is ANSA Merchant Bank Limited (AMBL) which is incorporated in the Republic of Trinidad and Tobago. The ultimate parent of the Company is ANSA McAL Limited ('Ultimate Parent') which is also incorporated in the Republic of Trinidad and Tobago.

2. Accounting policies

i) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for the fair value measurement of fixed deposits and other financial assets not held in a business model whose objective is to hold assets to collect contractual cash flows or whose contractual terms do not give rise solely to payments of principal and interest (SPPI).

The financial statements are presented in Trinidad and Tobago Dollars (TTD) which is the functional currency of the Company and all values are rounded to the nearest thousand, except when otherwise indicated.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Presentation of financial statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense will not be offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

The Company presents its statement of financial position broadly in order of liquidity. An analysis of recovery or settlement in the 12 months after the statement of financial position date (current) and greater than 12 months after the statement of financial position date (non-current) is presented in Note 13.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. **Accounting policies** (continued)

ii) **Changes in accounting policies and disclosures**

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022 except for the adoption of new standards and interpretations noted below.

New and amended standards and interpretations

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the financial statements of the Company. These are described in more detail below. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each new standard or amendment is described below:

Definition of Accounting Estimates – Amendments to IAS 8 – Effective 1 January 2023

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments had no impact on the Company.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 – Effective 1 January 2023

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 – Effective 1 January 2023

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

These amendments had no impact on the financial statements of the Company.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback. In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current. In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
 - What is meant by a right to defer settlement
 - That a right to defer must exist at the end of the reporting period
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. **Accounting policies** (continued)

ii) **Changes in accounting policies and disclosures** (continued)

Standards issued but not yet effective (continued)

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (continued)

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7. In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

- Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates - Effective 1 January 2025.

iii) **Cash**

Cash in the statement of financial position comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Accounting policies (continued)

iv) Financial instruments

Financial assets

a) Initial recognition and subsequent measurement

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

Amortised cost and effective interest method

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in the statement of comprehensive income and is included in 'interest income'.

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt instruments that are designated as at fair value through the statement of income on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding ("the SPPI test").

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Accounting policies (continued)

iv) Accounting policies (continued)

Financial assets (continued)

a) *Initial recognition and subsequent measurement* (continued)

Financial assets at fair value through statement of income (FVSI)

Investments in equity instruments are classified as FVSI, unless the Company designates an investment that is not held for trading as fair value through other comprehensive income (FVOCI) on initial recognition. The Company has designated all investments in equity instruments that are held for trading as FVSI on initial application of IFRS 9.

Debt instruments that do not meet the amortised cost criteria are measured as FVSI. In addition, debt instruments that meet the amortised cost criteria but are designated as FVSI are measured at FVSI. A debt instrument may be designated as FVSI upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as FVSI.

Debt instruments are reclassified from amortised cost to FVSI when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as FVSI on initial recognition is not allowed. The Company has not designated any debt instrument as FVSI.

Financial assets at FVSI are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of comprehensive income. Fair value is determined in the manner described in Note 2 (v).

Interest income on debt instruments designated at FVSI is included in investment income.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

a) *Initial recognition and subsequent measurement* (continued)

Financial assets at fair value through statement of income (FVSI) (continued)

Dividend income on investments in equity instruments at FVSI is recognised in the statement of comprehensive income when the Company's right to receive the dividends is established in accordance with IFRS 15, 'Revenue from Contracts with Customers' and is included in investment income.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss.

Therefore:

- for financial assets that are classified as FVSI, the foreign exchange component is recognised in the statement of comprehensive income; and
- for foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'investment income' line item in the statement of comprehensive income.

b) *Impairment of financial assets*

The Company records an allowance for expected credit losses (ECLs) for debt financial assets not held at FVSI, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The Company uses the general probability of default approach when calculating ECLs. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk are set out below.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

b) *Impairment of financial assets* (continued)

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on an individual basis.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving an investment to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

b) Impairment of financial assets (continued)

Definition of default and cure (continued)

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Calculation of Expected Credit Losses (ECLs)

When estimating the ECLs, the Company considers among other factors the risk rating category and aging of the financial asset. Each of these is associated with different PDs, EADs and LGDs. When relevant, it also incorporates how defaulted financial assets are expected to be recovered.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- *Probability of Default (PD):*

The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

b) *Impairment of financial assets* (continued)

Calculation of Expected Credit Losses (ECLs) (continued)

• *Exposure at Default (EAD):*

The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

The EAD represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

• *Loss Given Default (LGD):*

The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD.

For investments, the Company primarily relies on international external credit rating agencies to provide data for PDs and LGDs.

Forward-looking information

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Inflation rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

b) *Impairment of financial assets* (continued)

The mechanics of the ECL method are summarised below:

Stage 1

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2

When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3

For financial instruments considered credit-impaired (as defined in above), the Company recognises the LTECLs for these financial instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%.

In most instances, LGDs are determined on an individual investment basis, including discounting the expected cash flows at the original EIR.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. **Accounting policies** (continued)

iv) **Financial instruments** (continued)

Financial assets (continued)

c) ***Derecognition of financial assets***

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of comprehensive income. On derecognition of an equity instrument that is classified as FVOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to the statement of other comprehensive income, but is reclassified to retained earnings. On derecognition of debt instruments at FVOCI, cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to profit and loss.

Financial liabilities

a) ***Initial recognition and subsequent measurement***

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through the statement of income, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value. The Company's financial liabilities include accounts and other payables. The Company has not designated any financial liabilities upon initial recognition as at fair value through statement of income.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Accounting policies (continued)

iv) Financial instruments (continued)

Financial liabilities (continued)

b) *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

v) Fair value measurement

The Company measures certain financial instruments at fair value at each year end. 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 principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Accounting policies (continued)

v) Fair value measurement (continued)

Short-term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and short-term funds, fixed deposits, interest receivable and accounts and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

Determination of fair value and fair value hierarchies

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1

Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

2. **Accounting policies** (continued)

v) **Fair value measurement** (continued)

Determination of fair value and fair value hierarchies (continued)

Level 2

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

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

vi) **Taxation**

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all applicable taxable temporary differences.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. Accounting policies (continued)

vi) Taxation (continued)

Deferred tax assets are recognised for all deductible temporary differences and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised.

Current and deferred tax shall be recognised as income or an expense and included in the statement of income for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the statement of income, either in other comprehensive income or directly in equity and a business combination.

vii) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

viii) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The specific recognition criteria must also be met before revenue is recognised.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. **Accounting policies** (continued)

viii) Revenue recognition (continued)

The effective interest rate (EIR) method

Interest income is recorded using the EIR method for all financial instruments measured at amortised cost and financial instruments designated at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the instrument. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

Interest income is accrued until the investment contractually becomes three months in arrears at which time the interest is suspended and then accounted for on a cash basis until the investment is brought up to date.

Investment income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVSI is recognised using the contractual interest rate in net trading income and net gains/(losses) on financial assets at FVSI, respectively.

ix) Equity movements

Stated capital

Ordinary stated capital is classified within equity and is recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issue of new shares are shown as a reduction in equity, net of tax.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

3. Significant accounting judgements and estimates in applying Company policies

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements, and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risk and uncertainties include:

- Risk management (Note 11)
- Capital management (Note 12)

4. Cash	2023	2022
Cash in hand and at bank	<u>4,279</u>	<u>3,895</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

5. Fixed deposit	2023	2022
Fixed deposit	<u>10,000</u>	<u>10,000</u>

This amount is placed with AMBL and earns interest at 3% and matures on 29 January 2025. If the interest rate were to increase or decrease by 2%, the rate of return would result in a decrease/(increase) in interest income by \$200,000.

6. Accounts and other payables	2023	2022
Accounts payable	631	551
Audit fees payable	40	40
Management fee payable	<u>1,750</u>	<u>1,500</u>
	<u>2,421</u>	<u>2,091</u>

7. Stated capital

Authorised

An unlimited number of shares

Issued and fully paid

10,000,000 (2022: 10,000,000)

ordinary shares of no par value

<u>10,000</u>	<u>10,000</u>
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ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

8. General administrative expenses	2023	2022
Management fees	250	250
Audit fees	44	40
Other charges	<u>35</u>	<u>21</u>
	<u>329</u>	<u>311</u>
9. Taxation		
Corporation tax	<u>(8)</u>	<u>–</u>
Reconciliation between taxation expense and net loss before taxation		
Income taxes in the statement of comprehensive loss vary from amounts that would be computed by applying the statutory tax rate for the following reasons:		
Net loss before taxation	<u>(29)</u>	<u>(4)</u>
Tax at applicable statutory tax rates	(9)	–
Provision for Green Fund levy	1	–
Non-deductible expenses	<u>–</u>	<u>–</u>
Total taxation	<u>(8)</u>	<u>–</u>

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Trinidad and Tobago dollars) (Continued)

10. Related party transactions and balances

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The Company's immediate parent is ANSA Merchant Bank Limited, incorporated in Trinidad and Tobago, which owns 100% of the stated capital of the Company. Related party transactions are carried out on commercial terms and at market rates.

The related assets, liabilities, income and expenses from these transactions are as follows:

ANSA Merchant Bank Limited	2023	2022
Fixed deposit	10,000	10,000
Interest receivable	277	277
Accounts and other payables	2,383	2,051
Interest income	300	307
Management fees	250	250

11. Risk management

Introduction

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to their responsibilities. The Company is exposed to credit risk, liquidity risk and market risk.

Risk management structure

The Board of Directors (the 'Board') is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Trinidad and Tobago dollars) (Continued)

11. Risk management (continued)

Risk management structure (continued)

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles is carried out by the executive management of the Company in compliance with the policies approved by the Board of Directors.

Treasury management

The Company employs the Treasury function of the Bank, which is responsible for managing the Company's assets and liabilities and the overall financial structure. The Treasury function is also primarily responsible for the funding and liquidity risks of the Company.

Concentrations of risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's results to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Company's procedures include specific monitoring controls to focus on the maintenance of a diversified portfolio.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise credit risk, interest rate risk, currency risk and equity price risk each of which are considered below and include, where relevant, the sensitivity of the Company's financial result on movements in certain market risk variables.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

11. Risk management (continued)

Credit risk management

The Company takes on exposure to credit risk, which is the potential for loss due to a counterparty or borrower's failure to pay amounts when due. Credit risk arises from traditional investing activity, and from settling payments between financial institutions.

The Company structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on an ongoing basis, and limits on the levels of credit risk that the Company can engage in are approved by the Board of Directors.

Exposure to credit risk is further managed through regular analysis of the ability of borrowers to meet capital and interest repayment obligations and by changing these lending limits when appropriate. In addition, collateral, corporate, state and personal guarantees are obtained.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Company's portfolio, could result in losses that are different from those provided at the statement of financial position date. Management therefore manages its exposure to credit risk.

The following table shows the maximum exposure to credit risk which represents a worst case scenario of credit risk exposure, without taking account of any collateral held or other credit enhancements attached. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

	2023	2022
Cash	4,279	3,895
Fixed deposit	10,000	10,000
Interest receivable	<u>277</u>	<u>277</u>
Total	<u>14,556</u>	<u>14,172</u>

Cash and fixed deposits

These funds are placed with a highly rated local bank and a related party. Management therefore considers the risk of default of these counterparties to be very low.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

11. Risk management (continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. There was no impact of interest rate risk to the Company as no floating rate non-trading financial assets and financial liabilities were held in 2023 and 2022.

Currency risk

The Company has no exposure to currency risk as all assets and liabilities are denominated in Trinidad and Tobago Dollars (TTD).

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting obligations associated with financial instruments when they fall due under normal and stress circumstances. To mitigate this risk, Management enters into fixed deposit arrangements for its excess cash requirements with little to no penalty charges for early redemption. This allows the Company the flexibility to redeem its cash resources if required.

The liabilities of the Company are expected to be settled within one year.

12. Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and that the Company maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

When managing capital, which is a broader concept than the 'equity' in the statement of financial position, the objectives of the Company are:

- To comply with the capital requirements set by the regulators of the markets where the Company operates;
- To safeguard the Company's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

For 2023 and 2022, the Company complied with all of the externally imposed capital requirements to which they are subject to, at the date of this report.

ANSA SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

13. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled based on contractual undiscounted cash flows.

	2023			2022		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Assets						
Cash	4,279	–	4,279	3,895	–	3,895
Fixed deposit	–	10,000	10,000	10,000	–	10,000
Deferred tax asset	–	14	14	–	–	–
Tax recoverable	–	26	26	–	115	115
Interest receivable	277	–	277	277	–	277
Total assets	4,556	10,040	14,596	14,172	115	14,287
Liabilities						
Accounts and other payables	330	2,091	2,421	347	1,744	2,091
Total liabilities	330	2,091	2,421	347	1,744	2,091

14. Capital commitments and contingent liabilities

The Company has no capital commitments nor any contingent liabilities for the years ended 31 December 2023 and 31 December 2022.