PKF
Chartered Accountants
& Business Advisors
PKF LIMITED

FIRSTLINE SECURITIES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

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Chartered Accountants
& Business Advisors
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FIRSTLINE SECURITIES LIMITED

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FIRSTLINE
Securities Limited

STATEMENT OF MANAGEMENT RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Firstline Securities Limited, which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of material accounting policies and other explanatory information;

- Ensuring that the Company keeps proper accounting records;

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

- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of Company's operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

Keith M. King	Dalia King
Chairman	Company Secretary
Date: 28 March 2024	Date: 28 March 2024

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Firstline Securities Limited

Opinion

We have audited the consolidated financial statements of Firstline Securities Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of comprehensive income, changes in equity and 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 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 *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 for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

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

Telephone: **(868) 235-5063**
Address: **111 Eleventh Street, Barataria, Trinidad, West Indies**
Mailing Address: **PO Box 10205, Eastern Main Road, San Juan**

Directors: **Renée-Lisa Philip** **Mark K. Superville** **Jenine Felician-Romain** **Darcel Corbin**

INDEPENDENT AUDITORS' REPORT (Cont'd)

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

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

- Identify and assess the risks of material misstatement of the 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 auditor's 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.
- 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 entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PKF

Barataria
TRINIDAD
28 March 2024

FIRSTLINE SECURITIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	Notes	31 December 2023 ($)	31 December 2022 ($)
Assets:			
Cash and short term funds	5	10,437,304	7,113,649
Assets under management	6	-	167,360
Other financial assets	7	166,471,882	166,053,503
Investments	8	99,695,693	65,912,909
Inventory		20,670	20,670
Investment Property	9	24,967,420	24,967,420
Fixed assets	10	1,143,884	1,348,279
Total Assets		**302,736,853**	**265,583,790**

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	2023 ($)	2022 ($)
Liabilities:			
Accounts payable and accruals	11	9,995,173	11,986,552
Certificates of participation	12	191,195,278	188,228,609
Repurchase agreements	13	6,611,767	6,594,132
Margin accounts	14	58,428,998	19,687,267
Provision for taxation		370,116	327,182
Total Liabilities		266,601,332	226,823,742
Shareholders' Equity			
Stated capital	15	8,992,621	5,921,368
Investment re-measurement reserve		6,643,541	7,878,598
Retained earnings		20,499,359	24,960,082
Total Shareholders' Equity		36,135,521	38,760,048
Total Liabilities and Shareholders' Equity		**302,736,853**	**265,583,790**

These financial statements were approved by the Board of Directors and authorised for issue on 28 March 2024 and signed on their behalf by:

Director **Director**

The notes on pages 8 to 37 form an integral part of these financial statements

FIRSTLINE SECURITIES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the year ended 31 December 2023 ($)	2022 ($)
Revenue			
Fees		6,678,638	7,647,204
Investment income		11,334,666	16,961,238
Other		2,183,086	1,254,077
		20,196,390	25,862,519
Management and operating expenses	16	(23,429,361)	(23,888,417)
Gain on disposal of fixed assets		-	71,823
Unrealised gain on investment properties		-	545,000
Gain on sale on investments		772,605	753,174
Increase in expected credit losses - investments		(1,582,375)	-
Increase in expected credit losses - Other financial assets		(3,349,688)	(1,793,229)
Net (loss)/profit before taxation		(7,392,429)	1,550,870
Taxation	17	(367,597)	(650,199)
Net (loss)/profit for the year		(7,760,026)	900,671
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit or loss -			
Net gain/(loss) on financial assets measured at FVOCI		2,416,067	(2,840,862)
Total Comprehensive Loss for the year		**(5,343,959)**	**(1,940,191)**

The notes on pages 8 to 37 form an integral part of these financial statements

FIRSTLINE SECURITIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Stated Capital ($)	Revaluation Reserve ($)	Investment Re-measurement Reserve ($)	Retained Earnings ($)	Total Equity ($)
Balance, 1 January 2023	5,921,368	-	7,878,598	24,960,082	38,760,048
Total Comprehensive Loss for the year	-	-	2,416,067	(7,760,026)	(5,343,959)
Issuance of new share capital	3,071,253	-	-	-	3,071,253
Transfer upon disposal of equity investments at FVOCI	-	-	(3,651,124)	3,651,124	-
Dividends paid	-	-	-	(351,821)	(351,821)
Balance, 31 December 2023	**8,992,621**	**-**	**6,643,541**	**20,499,359**	**36,135,521**
Balance, 1 January 2022	5,921,368	-	10,719,460	24,441,628	41,082,456
Total Comprehensive Loss for the year	-	-	(2,840,862)	900,671	(1,940,191)
Dividends paid	-	-	-	(382,217)	(382,217)
Balance, 31 December 2022	**5,921,368**	**-**	**7,878,598**	**24,960,082**	**38,760,048**

FIRSTLINE SECURITIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 31 December 2023 ($)	2022 ($)
Cash Flows from Operating Activities		
Net (loss)/profit before taxation	(7,392,429)	1,550,870
Adjustment for non-cash items:		
Amortisation of bonds	(132,569)	(902,149)
Depreciation	285,776	356,883
Loss on sale of investments	(772,605)	(753,174)
Gain on disposal of fixed assets	-	(71,823)
Unrealised gain on investment properties	-	(545,000)
Allowance for expected credit losses - investments	1,582,375	-
Allowance for expected credit losses - other financial assets	3,349,688	1,793,229
	(3,079,764)	1,428,836
Net change in assets under management	167,360	141,125
Net change in other financial assets	(3,768,067)	(2,170,741)
Net change in accounts payable and accruals	(1,991,379)	131,920
Net change in certificates of participation	2,966,669	(13,955,626)
Net change in margin accounts	38,741,731	7,591,998
	33,036,550	(6,832,488)
Taxation paid	(324,663)	(330,168)
Net cash provided by/(used in) Operating Activities	32,711,887	(7,162,656)
Investing Activities		
Purchase of fixed assets	(81,381)	(83,522)
Proceeds from disposal of fixed assets and investment property	-	2,640,000
Change in investment property	-	-
Net change in investments	(32,043,918)	(710,435)
Net cash (used in)/provided by Investing Activities	(32,125,299)	1,846,043
Financing Activities		
Repurchase agreements	17,635	917,072
Issuance of shares	3,071,253	-
Dividends paid	(351,821)	(382,217)
Net cash provided by Financing Activities	2,737,067	534,855
Net change in cash and cash equivalents	3,323,655	(4,781,758)
Cash and cash equivalents, beginning of year	7,113,649	11,895,407
Cash and cash equivalents, end of year	**10,437,304**	**7,113,649**
Represented by:		
Cash and short term funds	**10,437,304**	**7,113,649**

The notes on pages 8 to 37 form an integral part of these financial statements

FIRSTLINE SECURITIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

1. Incorporation and Principal Activity:

The Company was incorporated in the Republic of Trinidad and Tobago in November 2005.

The principal activity of the Company is arranging business financing for corporations and governments.

The Company has eleven (11) wholly-owned subsidiaries – 46 Agra Street Limited, Patrice Properties Limited, Liege Properties Limited, Firstline Oil Notes Limited, Firstline Securities (St. Lucia) Limited, Firstline Multi-Sector Notes Limited, Firstline Multi-Sector Notes II Limited, Sapvilla Limited, Mason Forrest Limited, Liege Properties II Limited, Liege Properties Limited and Hyder Park Limited.

2. Summary of Material Accounting Policies:

(a) Basis of accounting -

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and are stated in Trinidad and Tobago dollars. These financial statements have been prepared on the historical cost basis, except for financial assets measurement at fair value through profit or loss or other comprehensive income.

(b) Basis of consolidation -

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries.

Subsidiaries, which were those companies in which the Company, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Company and are no longer consolidated from the date that control ceases. All significant inter-company transactions, balances and unrealized gains in transactions between group companies are eliminated; unrealized losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(c) Use of estimates -

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

FIRSTLINE SECURITIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

2. **Summary of Material Accounting Policies (Cont'd):**

(d) New Accounting Standards and Interpretations -

i. The Group has applied the following standard that has been issued and effective as they do apply to the activities of the Group:

Effective for annual periods beginning on or after 1 January 2023

IAS 1 - Presentation of Financial Statements -

Amendments regarding the disclosure of accounting policies. The Group is now required to disclose its accounting policy information instead of its accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. The amendments also indicates that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

ii. The Group has not applied the following standards, revised standards and interpretations that have been issued and are effective as they:

- do not apply to the activities of the Group; or
- have no material impact on its financial statements.

Effective for annual periods beginning on or after 1 January 2023

IFRS 4 Insurance Contracts - Amendments regarding IFRS 17 and the extension of the temporary exemption from applying IFRS 9

IFRS 17 Insurance Contracts

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates

IAS 12 Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations

IAS 12 Income Taxes – Amendments to introduce an exception to the requirements in the standard that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes

FIRSTLINE SECURITIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

2. **Summary of Material Accounting Policies (Cont'd):**

(d) New Accounting Standards and Interpretations (cont'd) -

iii. The Group has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they:

- do not apply to the activities of the Group;
- have no material impact on its financial statements; or
- have not been early adopted by the entity.

Effective for annual periods beginning on or after 1 January 2024

IFRS 16 Leases - Amendments clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale

IAS 1 Presentation of Financial Statements - Amendments regarding non-current liabilities with covenants

IAS 7 Statement of Cash Flows – Amendments to address disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a Group's liabilities, cash flows and exposure to liquidity risk

Effective for annual periods beginning on or after 1 January 2025

IAS 21 Effects of Changes in Foreign Exchange rates – Amendments to lack of exchange ability

(e) Foreign currencies -

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('functional currency).

The financial statements are presented in Trinidad and Tobago dollars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year end exchange rates of monetary assets and liabilities denominated in foreign currencies and recognized in the profit and loss account.

2. **Summary of Material Accounting Policies (Cont'd):**

(f) Cash and short term funds -

Cash and short term funds are carried in the Statement of Financial Position at cost. For the purpose of the cash flow statements, cash and cash equivalents comprise cash on hand, and other short term highly liquid investments.

(g) Financial instruments -

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

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

Financial assets -

The Group measures investments and loans at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amounts outstanding.

The carrying amount of these assets is adjusted by any expected credit loss allowance recognized. Interest income from these financial assets is included in "Investment Income" using the effective interest rate method.

The Business Model Assessment

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

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

2. Summary of Material Accounting Policies (Cont'd):

(g) Financial instruments (cont'd)-

Financial assets (cont'd) -

The SPPI Test

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

Impairment of financial assets -

IFRS 9 requires the Group to record an allowance for ECL's for all secured loan notes and other debt financial instruments not held at Fair Value Through Profit and Loss (FVPL).

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

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

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

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

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

2. Summary of Material Accounting Policies (Cont'd):

(g) Financial instruments (cont'd)-

Impairment of financial assets (cont'd) -

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

Modification and Derecognition of Financial Assets

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. This occurs particularly where, although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened. The revised terms usually include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan and /or a reduction in the amount of cash flows due. When a financial asset is modified, the Group assesses whether this modification results in derecognition of the original loan, such as when the renegotiation gives rise to substantially different terms.

In the case where the financial asset is derecognised, the new financial asset will have a loss allowance measured based on twelve-month ECL. If, however, there remains a high risk of default under the renegotiated terms, the loss allowance will be measured based on lifetime ECL.

When the modification does not result in derecognition, the Group will measure loss allowance at an amount equal to lifetime ECL.

The calculation of ECL

The Group calculates ECL's based on a historical estimate of cash shortfalls discounted at a discount rate that takes account of the coupon rate on the secured loan note, any applicable penalty interest rate, and any arrangement fee rate paid at origination of the note. A cash shortfall is the difference between the cash flows that are due to the Group and the cash flows that the Group expects to receive.

FIRSTLINE SECURITIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Summary of Material Accounting Policies (Cont'd):

(g) Financial instruments (cont'd)-

The calculation of ECL (cont'd)

The key elements of the ECL calculation are as follows.

Probability of Default

The Probability of Default is an estimate of the likelihood of default over a given period of time. The Group uses a Probability of Default based upon its internal grading of secured loan notes.

Exposure at Default

The Exposure at Default is the estimate of the exposure to default under the secured loan note at the reporting date.

Loss Given Default

The Loss Given Default is the estimate of the loss arising in the case where a default occurs at a given point in time. It is an estimate of the loss that would arrive on a secured loan note and is based upon its historical experience of losses arising on secured loan notes in default.

The mechanics of the ECL method under IFRS 9 are summarised as follows:

Stage 1
The 12 months ECL is calculated as a portion of lifetime ECL's that represent the ECL's that result from default events on a financial instrument that are possible within a 12-month period from the Group's reporting date. 12-month ECL's are calculated by multiplying the Exposure at Default by the Probability of Default and the Loss Given Default.

Stage 2
When a secured loan note has shown a significant increase in credit risk since origination the Group records an allowance for lifetime expected credit losses. The Probabilities of Default and Loss Given Default are estimated over the lifetime of the secured loan note.

Stage 3
For secured loan notes considered to be credit impaired the group recognises lifetime expected credit losses. The probability of default for secured loan notes classified within Stage 3 is set at 100%.

FIRSTLINE SECURITIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Summary of Material Accounting Policies (Cont'd):

(g) Financial instruments (cont'd)-

The calculation of ECL (cont'd)

The Group measures ECL on an individual basis for their loan note portfolio. The Group ECL model factors in forward looking information in its calculations such as:

(i) Currency rates;
(ii) Expected GDP growth;
(iii) Expected changes in the Retail Price Index (RPI);
(iv) Expected levels of unemployment;
(v) Real estate price trends;
(vi) Industry specific trends; and
(vii) Changes in commodity prices.

Impairment allowance for secured loan notes

The table below indicates the credit quality and the maximum exposure to credit risk based on the Group's Credit rating system and the process by which all secured loan notes receive a stage classification at the reporting date.

	31 December	
	2023 ($)	**2022 ($)**
Secured loan notes	165,533,194	162,863,400
Stage 1: 12 month Expected Credit Losses	(493,802)	(874,267)
Stage 2: Lifetime Expected Credit Losses	(74,977)	-
Stage 3: Credit Impaired – Lifetime Expected Credit Losses	(18,688,132)	(15,032,956)
	146,276,283	146,956,177

Collateral held as security

The Group holds various types of collateral to mitigate credit risk associated with financial assets such as cash deposits, investment securities, real estate, captured and assigned receivables, personal and third-party guarantees, and other investment assets:

*Collateral, unless repossessed, is not recorded in the Group's financial statements, but the fair value of collateral is used as input in the calculation of ECL's. Collateral valuations are reassessed on an annual basis as part of a credit review. The Group/group uses independent third parties to assess some items of collateral including real estate and complex assets.

2. Summary of Material Accounting Policies (Cont'd):

(g) Financial instruments (cont'd)-

Assets obtained by taking possession of collateral

The Group has not taken possession of any collateral held as security against loans held at the year end.

Write-off

Loans and receivables are written off when the Group has no reasonable expectations of recovering the financial asset, for example, when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay. A write-off constitutes a derecognition event. Subsequent recoveries resulting from the Group's enforcement activities will result in gains.

Financial liabilities -

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest method.

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

Financial liabilities comprise accounts payable, repurchase agreements and margin accounts.

(h) Sale and repurchase agreements -

Securities sold subject to sale and repurchase agreements ("repos") are retained on the Statement of Financial Position and the counterparty liability is disclosed separately under the heading "Due under repurchase agreements".

2. Summary of Material Accounting Policies (Cont'd):

(i) Fixed assets -

Fixed Assets are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period. The cost of an item of fixed assets is recognised as an asset only if it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably.

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

The carrying amount of an item of fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of the item, determined as the difference between the net disposal proceeds and the carrying amount of the item is recognised in profit or loss when the item is derecognised.

Owner occupied properties comprise land and buildings used by the Group for the supply of goods and services or for administrative purposes and are stated at fair values less accumulated depreciation and accumulated impairment losses.

Fair values are based on independent professional open market valuations that are conducted at least once every five (5) years. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the property and the net amount is restated to the revalued amount.

Increases in carrying amounts arising from revaluations are recognized in other comprehensive income and accumulated in equity under the heading of revaluation reserve. Increases are recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

Decreases in carrying amounts arising from revaluations are recognized in other comprehensive income to the extent of any credit balance existing in revaluation surplus in respect of that asset. All other decreases are recognised in profit or loss.

Revaluation surpluses are transferred directly to retained earnings as the assets are used, measured as the difference between depreciation based on the revalued amounts and depreciation based on asset's original cost, and upon derecognition of the respective assets.

All assets are recorded at historical cost less depreciation with the exception of land and building.

2. Summary of Material Accounting Policies (Cont'd):

(i) Fixed assets (cont'd) -

Depreciation is charged as follows:

	Method	Rates
Leasehold improvements	Reducing balance	6.67%
Office furniture and equipment	Reducing balance	15% - 25%
Motor vehicles	Reducing balance	25%

(j) Investment properties

Investment properties comprise of land and buildings held for rentals and/or for capital appreciation rather than occupied by the Group for use in the supply of goods and services or for administrative purposes. Land and buildings that comprise a portion held to earn rentals and/or for capital appreciation and another portion that is occupied by the Group for administrative purposes are classified as investment properties only if an insignificant portion is held primarily for administrative purposes. Otherwise it is classified as fixed assets.

An investment property is recognised as an asset only if it is probable that future economic benefits associated with the investment property will flow to the Group and its cost can be reliably measured.

Investment properties are initially measured at cost including transaction costs. Cost is the amounts of cash and cash equivalents paid or the fair value of other consideration given to acquire the asset at the time of its acquisition or construction.

After initial recognition, investment properties are measured at fair values. Fair values are based on independent professional open market valuations that are conducted at least once every five (5) years. Gains and losses arising from changes in fair values are included in profit or loss in the period in which they arise.

Transfer to or from investment properties are made only when there is a change in use.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gains or losses arising from the retirement or disposal is determined as the difference between the net proceeds and the carrying amount of the asset and is recognised in profit or loss in the period of retirement or disposal.

Valuations were conducted during the year for all investment properties.

2. Summary of Material Accounting Policies (Cont'd):

(k) Taxation -

Tax on the profit or loss for the year comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the net taxable income for the year, using the prevailing tax rate and any adjustments for previous years.

Deferred tax is provided, using the liability method, on all temporary differences between the carrying amounts for financial reporting purposes the amounts used for taxation purposes. Currently enacted tax rates are used to determine deferred income tax. In the opinion of Management, the effect of temporary differences at 31 December 2023 is not considered material.

Deferred tax assets are taxed recoverable in future periods in respect of deductible temporary difference. Net deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Stated capital -

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

(m) Provisions -

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

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

(n) Investment income -

Interest income is recognized in the profit and loss account using the effective interest method. Dividends on equity instruments are recognized in the profit and loss account when the entity's right to receive payment is established.

(o) Fee income -

Fee income is recognized on an accrual basis when the service has been provided. Management fees and commissions arising from negotiating or participating in the negotiation of, a transaction for a third party are recognized on completion of the underlying transaction. Portfolio, asset management and other management advisory and service fees are recognized based on the applicable service contracts over the period the service is provided.

2. Summary of Material Accounting Policies (Cont'd):

(p) Assets under management -

The Group provides asset management services to third parties. All related assets are held in a fiduciary capacity and not included in these financial statements as they are not assets of the Group.

(q) Comparative figures -

Certain comparative figures were restated to facilitate changes in presentation. These changes had no effect on the previously reported net profit.

3. Financial Risk Management:

Financial instruments -

The Group's activities are primarily related to the use of financial instruments. The Group accepts funds from investors and earns interest by investing in equity investments, bonds and on-lending to customers at higher interest rates.

The following table summarizes the carrying amounts and fair values of the Group's financial assets and liabilities.

	2023	
	Carrying Value ($)	Fair Value ($)
Financial Assets		
Cash and Short-Term Funds	10,437,304	10,437,304
Other Financial Assets	166,471,882	166,471,882
Investments	99,695,693	99,695,693
Financial Liabilities		
Accounts Payable and Accruals	9,995,173	9,995,173
Certificates of Participation	191,195,278	191,195,278
Repurchase Agreements	6,611,767	6,611,767
Margin Accounts	58,428,998	58,428,998

FIRSTLINE SECURITIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **Financial Risk Management (Cont'd):**

	2022 Carrying Value ($)	2022 Fair Value ($)
Financial Assets		
Cash and Short-Term Funds	7,113,649	7,113,649
Assets Under Management	167,359	167,359
Other Financial Assets	166,053,503	166,053,503
Investments	65,912,909	65,912,909
Financial Liabilities		
Accounts Payable and Accruals	11,986,552	11,986,552
Certificates of Participation	188,228,609	188,228,609
Repurchase Agreements	6,594,132	6,594,132
Margin Accounts	19,687,267	19,687,267

Financial risk factors

The Group is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the Group to manage these risks are discussed below:

(a) Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including short-term investments.

	2023 Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Non-Interest Bearing ($)	Total ($)
Financial Assets					
Cash and short terms funds	10,437,304	-	-	-	10,437,304
Other financial assets	65,154,683	65,397,898	16,215,278	19,704,023	166,471,882
Investments	5,331,790	56,764,856	12,217,500	25,381,547	99,695,693
	80,923,777	**122,162,754**	**28,432,778**	**45,085,570**	**276,604,879**
Financial Liabilities					
Accounts payable and accruals	-	-	-	9,995,173	9,995,173
Certificates of participation	59,176,094	26,257,283	105,761,901	-	191,195,278
Repurchase agreements	611,767	6,000,000	-	-	6,611,767
Margin accounts	58,428,998	-	-	-	58,428,998
	118,216,859	**32,257,283**	**105,761,901**	**9,995,173**	**266,231,216**

FIRSTLINE SECURITIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **Summary of Significant Accounting Policies (Cont'd):**

(a) **Interest rate risk (cont'd) -**

	Up to 1 year ($)	1 to 5 years ($)	2022 Over 5 years ($)	Non-Interest Bearing ($)	Total ($)
Financial Assets					
Cash and short terms funds	7,113,649	-	-	-	7,113,649
Assets under management	-	-	-	167,360	167,360
Other financial assets	102,196,019	33,227,526	12,073,742	18,556,216	166,053,503
Investments	24,999,163	10,903,468	1,484,562	28,525,716	65,912,909
	134,308,831	44,130,994	13,558,304	47,249,292	239,247,421
Financial Liabilities					
Accounts payable and accruals	-	-	-	11,986,552	11,986,552
Certificates of participation	67,901,474	24,685,653	95,641,482	-	188,228,609
Repurchase agreements	5,594,132	1,000,000	-	-	6,594,132
Margin accounts	19,687,267	-	-	-	19,687,267
	93,182,873	25,685,653	95,641,482	11,986,552	226,496,560

(b) **Credit risk -**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant credit risk.

Cash balances are held with high credit quality financial institutions and the Group has policies to limit the amount of exposure to any financial institution.

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

Credit risk arises primarily from structuring of short term investments, loan notes and investments in bonds.

i) **Short term investments**

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

3. Financial Risk Management (Cont'd):

(b) Credit risk (cont'd) -

ii) Bonds

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

iii) Loan Notes

The Group relies heavily on a written Credit Policy Manual, which sets out in detail the current policies governing the loan notes that it invests in. Adherence to these guidelines is expected to communicate the Group's philosophy, provide policy guidelines to team members involved in investing, establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration, as well as create the foundation for a sound credit portfolio.

All team members involved with the structuring of loan notes are required to be familiar with the contents of the Credit Policy Manual and are required to adhere to the policies therein. Serious breaches result in disciplinary measures being taken. It is the responsibility of the Chief Executive Officer to ensure that policies are adhered to.

The Group's secured loan note portfolio is adequately secured by collateral and where necessary, provisions have been established for potential credit losses on delinquent accounts.

iv) Concentration

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

v) Global economic developments and government policies

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

FIRSTLINE SECURITIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

3. Financial Risk Management (Cont'd):

(b) Credit risk (cont'd) -

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

The Group uses internal credit risk ratings, which reflect its assessment of the individual counterparties risk profile. Borrower and loan note specific information collected at the time of the application (such as asset value, sales turnover, credit history, security structure, geographical location) is fed into the model. Each exposure is allocated a credit risk rating on initial recognition based on the information inputted into the model.

Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk-rating band. The monitoring typically involves use of the following data:

- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts;
- Actual and expected significant changes in the financial, economic, political, regulatory and technological environment of the borrower and/or in its business activities;
- Payment records inclusive of overdue status (where applicable); and
- Utilization of approved credit facilities.

PDs for exposures. The Group looked at performance and number of defaults over a period of time analysed by credit risk grading. Historical PDs were developed using statistical models, which analysed the data collected, generating estimates of the Probability of Default of exposures.

vii) Significant increase in credit risk

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

FIRSTLINE SECURITIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **Financial Risk Management (Cont'd):**

(b) **Credit risk (cont'd) -**

viii) **Default and credit impaired assets**

The Group considers a financial asset defaulted and therefore Stage 3 (credit-impaired) for ECL calculations when it meets one or more of the following criteria:

- The borrower is more than 180 days past due on its contractual obligations;
- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as collateral realization;
- It is probable that there would be a modification to the original agreement due to the borrower's inability to pay its credit obligations; and
- The exposure has been classified as Accounts in Liquidation as per the Group's classification process.

ix) **Analysis of Gross Carrying Amount and Corresponding ECLs**

	31 December	
Secured Loan Notes and Commercial Paper	**2023**	**2022**
Stage 1: 12 month Expected Credit Losses	20.7%	39.9%
Stage 2: Lifetime Expected Credit Losses	6.0%	13.9%
Stage 3: Credit Impaired - Lifetime Expected Credit Losses	73.3%	46.2%
	100.0%	100%

	31 December	
	2023	**2022**
	$	**$**
Stage 1		
Gross Loan Notes	34,339,069	64,964,855
Expected Credit Loss Allowance	(493,802)	(874,267)
	33,845,267	64,090,588
Expected Credit Loss Allowance as % of Gross Loan Notes	**1.4%**	**1.3%**
Stage 2		
Gross Loan Notes	9,996,902	22,567,124
Expected Credit Loss Allowance	(74,977)	-
	9,921,925	22,567,124
Expected Credit Loss Allowance as % of Gross Loan Notes	**0.8%**	**0.0%**

FIRSTLINE SECURITIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **Financial Risk Management (Cont'd):**

(b) **Credit risk (cont'd) -**

ix) **Analysis of Gross Carrying Amount and Corresponding ECLs (cont'd)**

	31 December 2023 $	31 December 2022 $
Stage 3		
Gross Loan Notes	121,197,223	75,331,421
Expected Credit Loss Allowance	(18,688,132)	(15,032,956)
	102,509,091	60,298,465
Expected Credit Loss Allowance as % of Gross Loan Notes	**15.4%**	**20.0%**

(c) **Liquidity risk -**

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

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

Liquidity gap

2023	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Total ($)
Financial Assets				
Cash and short term funds	10,437,304	-	-	10,437,304
Other financial assets	84,858,706	65,397,898	16,215,278	166,471,882
Investments	30,713,337	56,764,856	12,217,500	99,695,693
	126,009,347	**122,162,754**	**28,432,778**	**276,604,879**
Financial Liabilities				
Accounts payable and accruals	9,995,173	-	-	9,995,173
Certificates of participation	59,176,094	26,257,283	105,761,901	191,195,278
Repurchase agreements	611,767	6,000,000	-	6,611,767
Margin accounts	58,428,998	-	-	58,428,998
	128,212,032	**32,257,283**	**105,761,901**	**266,231,216**

FIRSTLINE SECURITIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **Financial Risk Management (Cont'd):**

viii) Liquidity risk (cont'd)

Liquidity gap (cont'd)

	2022			
	Up to 1 year ($)	**1 to 5 years ($)**	**Over 5 years ($)**	**Total ($)**
Financial Assets				
Cash and short term funds	7,113,649	-	-	7,113,649
Assets under management	167,360	-	-	167,360
Other financial assets	120,752,235	33,227,526	12,073,742	166,053,503
Investments	53,524,879	10,903,468	1,484,562	65,912,909
	181,558,123	**44,130,994**	**13,558,304**	**239,247,421**
Financial Liabilities				
Accounts payable and accruals	11,986,552	-	-	11,986,552
Certificates of participation	67,901,474	24,685,653	95,641,482	188,228,609
Repurchase agreements	5,594,132	1,000,000	-	6,594,132
Margin accounts	19,687,267	-	-	19,687,267
	105,169,425	**25,685,653**	**95,641,482**	**226,496,560**

(d) **Currency risk -**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(e) **Operational risk -**

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

(f) **Compliance risk -**

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to the extent of monitoring controls applied by the Group.

3. Financial Risk Management (Cont'd):

(g) Reputation risk -

The risk of loss of reputation arising from the negative publicity relating to the Group's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Group. The Group applies procedures to minimize this risk.

Fair value estimation

The fair values of the Group's financial assets and liabilities approximates to their carrying amounts at the reporting date.

4. Critical Accounting Estimates and Judgments:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Group's accounting policies (see Note 2(d)).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future and actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

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

i) Whether investments are classified as held to maturity investments or loans and receivables.
ii) Whether leases are classified as operating leases or finance leases.
iii) Which depreciation method for plant and equipment is used.
iv) Measurement of the expected credit loss allowance.
v) Classification and measurement of financial assets.

4. Critical Accounting Estimates and Judgments (Cont'd):

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

Impairment of assets

Management assesses at each reporting date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

Measurement of the expected credit loss allowance

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

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

Business Model Assessment

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

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

Plant and equipment

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

Deferred tax assets

Management uses judgement in determining whether it is probable that future taxable profits will be available against which deductible temporary differences can be utilised before deferred tax assets arising there from are recognised.

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5. Cash and Short Term Funds:

	31 December 2023 ($)	31 December 2022 ($)
Cash in hand and at bank	10,301,756	6,979,089
Money market instruments	135,548	134,560
	10,437,304	**7,113,649**
Current portion of cash and short term funds	**10,437,304**	**7,113,649**

6. Assets Under Management:

As at 31 December 2023, the Group held investments valued at **$85,789,910** (2022 - **$74,157,338**) on behalf of its clients. These investments were not included in the Group's assets in the Statement of Financial Position.

7. Other Financial Assets:

	31 December 2023 ($)	31 December 2022 ($)
Accrued interest income	19,289,496	18,303,916
Prepaid expenses	59,175	69,300
Other receivables	846,928	724,110
Secured loan notes and commercial paper	165,533,194	162,863,400
	185,728,793	181,960,726
Less: Expected credit loss allowance (IFRS 9)	(19,256,911)	(15,907,223)
	166,471,882	**166,053,503**

Movement in allowance for expected credit losses

	31 December 2023 ($)	31 December 2022 ($)
Balance, beginning of year	15,907,223	14,113,994
Increase in allowance	3,349,688	1,793,229
Balance, end of year	19,256,911	15,907,223

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7. **Other Financial Assets (Cont'd):**

	31 December 2023 ($)	31 December 2022 ($)
Current portion of other financial assets	84,858,706	120,752,235
Non-current portion of other financial assets	81,613,176	45,301,268
	166,471,882	**166,053,503**

8. **Investments:**

	31 December 2023 ($)	31 December 2022 ($)
Equities	26,661,485	29,891,975
Treasury Bills	-	23,624,999
Mutual funds UTC	7,852	7,905
Corporate bonds	74,608,731	12,388,030
	101,278,068	65,912,909
Less: Expected credit loss allowance (IFRS 9)	(1,582,375)	-
	99,695,693	**65,912,909**
Current portion of investments	30,713,337	53,524,879
Non-current portion of investments	68,982,356	12,388,030
	99,695,693	**65,912,909**

Movement in allowance for expected credit losses

	31 December 2023 ($)	31 December 2022 ($)
Balance, beginning of year	-	-
Increase in allowance for the year	1,582,375	-
Balance, end of year	1,582,375	-

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9. Investment Property:

	31 December 2023 ($)	31 December 2022 ($)
Balance as at beginning of year	24,967,420	26,922,420
Additions	-	-
Disposals	-	(2,500,000)
Gain on revaluation	-	545,000
Balance as at end of year	**24,967,420**	**24,967,420**
Income earned	451,764	456,644
Expenses incurred	401,684	469,082

10. Fixed Assets:

2023

	Land and Building ($)	Motor Vehicle ($)	Office Furniture and Equipment ($)	Total ($)
Cost				
Balance as at 1 January 2023	332,442	1,624,950	1,777,930	3,735,322
Additions	-	-	81,381	81,381
Balance as at 31 December 2023	332,442	1,624,950	1,859,311	3,816,703
Accumulated Depreciation				
Balance as at 1 January 2023	76,415	1,086,485	1,224,143	2,387,043
Charge for the year	16,894	134,249	134,633	285,776
Balance as at 31 December 2023	93,309	1,220,734	1,358,776	2,672,819
Net Book Value				
Balance as at 31 December 2023	**239,133**	**404,216**	**500,535**	**1,143,884**
Balance as at 31 December 2022	**256,027**	**538,465**	**553,787**	**1,348,279**

FIRSTLINE SECURITIES LIMITED

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10. **Fixed Assets (Cont'd):**

2022

	Land and Building ($)	Motor Vehicle ($)	Office Furniture and Equipment ($)	Total ($)
Cost				
Balance as at 1 January 2022	326,971	1,810,055	1,991,581	4,128,607
Additions	5,471	-	78,051	83,522
Disposals	-	(185,105)	(291,702)	(476,807)
Balance as at 31 December 2022	332,442	1,624,950	1,777,930	3,735,322
Accumulated Depreciation				
Balance as at 1 January 2022	58,667	1,078,066	1,302,057	2,438,790
Charge for the year	17,748	178,835	160,300	356,883
Disposals	-	(170,416)	(238,214)	(408,630)
Balance as at 31 December 2022	76,415	1,086,485	1,224,143	2,387,043
Net Book Value				
Balance as at 31 December 2022	**256,027**	**538,465**	**553,787**	**1,348,279**
Balance as at 31 December 2021	**268,304**	**731,989**	**689,524**	**1,689,817**

FIRSTLINE SECURITIES LIMITED

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11. Accounts Payables and Accruals:

	31 December 2023 ($)	31 December 2022 ($)
Funds under management	2,945,338	2,813,265
Accrued interest	1,989,564	1,875,351
Debt service account	2,188,651	5,012,349
Statutory deductions	71,122	66,503
Unrealised income	1,672,466	1,703,775
Trade payables and accruals	935,923	515,309
Other accounts payables	192,109	-
	9,995,173	**11,986,552**
Current portion of accounts payable and accruals	**9,995,173**	**11,986,552**

12. Certificates of Participation:

The Group's Firstline Oilnotes (FONL) investments have interest rates range from .40% - 5.00% (2022: .40% - 5.00%).

Investors have purchased zero coupon notes in the Firstline Multi Sector Notes I and Firstline Multi Sector Notes II at yields ranging from 1.0% - 6.5% (2022: 1.0% - 6.5%) at varying tenors.

	31 December 2023 ($)	31 December 2022 ($)
Current portion of certificates of participation	59,176,094	67,901,474
Non-current portion of certificates of participation	132,019,184	120,327,135
	191,195,278	**188,228,609**

13. Repurchase Agreements:

The repurchase agreements become due in 2024 and 2026. Interest is accrued thereon at the rate of 3.00% - 4.10% per annum (2022: 3.00% - 4.25%).

14. Margin Accounts:

The average rate of funding from the Group's brokerage institutions is 6.115% (2022: 5.42%). The market value of the investment securities held as collateral for this facility amounted to **$77,402,227** (2022: **$8,557,143**).

15. Stated Capital:

	31 December	
	2023 **($)**	**2022** **($)**
Authorized		
An unlimited number of ordinary shares of no par value		
Issued and fully paid		
8,992,621 (2022: 5,921,368) ordinary shares of no par value	**8,992,621**	**5,921,368**

16. Management and Operating Expenses:

	31 December	
	2023 **($)**	**2022** **($)**
Administrative expenses	2,900,095	2,840,297
Interest expenses	10,027,272	10,340,085
Depreciation	285,776	356,883
Legal and professional fees	894,189	1,023,869
Salaries and staff benefits	9,322,029	9,327,283
	23,429,361	**23,888,417**

FIRSTLINE SECURITIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

17. Taxation:

	31 December 2023 ($)	31 December 2022 ($)
Business Levy/Corporation taxation	288,835	545,874
Green Fund Levy	78,762	104,325
	367,597	**650,199**

The tax on the Company's net income before taxation differs from the theoretical amount that would arise using the basic rate of tax as follows:

	2023 ($)	2022 ($)
Net (loss)/profit before taxation	(7,392,429)	1,550,870
Tax calculated at applicable rate	(2,194,598)	413,835
Taxable losses utilised	(73,479)	(760,637)
Taxable losses not recognised	2,537,942	466,725
Exempt income	(114,139)	(46,979)
Prior period adjustment	(2,522)	319,220
Business Levy	135,424	154,258
Green Fund Levy	78,969	103,777
	367,597	**650,199**

18. Related Party Transactions:

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

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

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

	31 December 2023 ($)	31 December 2022 ($)
Key management compensation		
Short-term benefits	1,741,050	2,142,000
Dividends paid	351,821	382,214

19. Fair Values:

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

20. Capital Risk Management:

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

The capital structure of the Group consists of equity attributable to the shareholder, which comprises stated capital and retained earnings.

21. Capital Commitments:

The Group does not have any confirmed capital commitments as at 31 December 2023, however, the Group intends to upgrade its current investment management software or acquire and implement new software in the future. Either option selected will incur additional costs in the future though Management has not yet been determined the amount required as at the year end.

22. Contingent Liabilities:

In February 2024, the Group placed $7.2M in escrow based on a legal judgement which has been appealed before the Courts with a decision due in 2025 at its earliest.

23. Events After the Reporting Date:

There were no events after the reporting period which were material to the financial statements and should have resulted in adjustments to the financial statements or disclosures when the financial statements were authorised for issue.