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KCL Capital Market Brokers Limited

Audited Financial Statements

For the year ended September 30, 2023

BDO

KCL Capital Market Brokers Limited

Audited Financial Statements
For the year ended September 30, 2023
(Expressed in Trinidad and Tobago Dollars)

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Independent Auditor's Report

To the Shareholders of
KCL Capital Market Brokers Limited

Opinion

We have audited the financial statements of KCL Capital Market Brokers Limited (the "Company"), which comprise the statement of financial position as at September 30, 2023, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report (continued)

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

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

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

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

BDO

December 29, 2023

Port of Spain,
Trinidad, West Indies

KCL Capital Market Brokers Limited

Statement of Financial Position
As at September 30, 2023
(Expressed in Trinidad and Tobago Dollars)

	Notes	2023	2022
ASSETS			
Cash and cash equivalents	3	41,180,489	50,116,799
Investments			
- Amortised cost	4	45,285,912	49,552,754
- Fair value through profit or loss	4	4,406,339	5,871,158
Receivables and prepayments	5	8,741,159	10,783,669
Loans and other receivables	6	22,305,744	27,738,833
Due from related parties	7	623,384	505,844
Right of use asset	8	327,264	1,112,700
Intangible asset	10	1,561,131	1,731,129
Property and equipment	11	1,157,842	1,307,102
TOTAL ASSETS		**$125,589,264**	**$148,719,988**
EQUITY AND LIABILITIES			
EQUITY			
Ordinary share capital	14	695,883	738,443
Preference share capital	14	20,133,540	20,133,540
Retained earnings		19,216,158	29,425,932
TOTAL EQUITY		**40,045,581**	**50,297,915**
LIABILITIES			
Payables and accruals	12	83,747,628	95,014,424
Repurchase agreements	13	1,600,000	1,600,000
Lease liability	8	196,055	1,807,649
TOTAL LIABILITIES		**85,543,683**	**98,422,073**
TOTAL EQUITY AND LIABILITIES		**$125,589,264**	**$148,719,988**

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

These financial statements were approved by the Board of Directors of KCL Capital Market Brokers Limited on December 29, 2023.

Director

Director

KCL Capital Market Brokers Limited

Statement of Comprehensive Income
For the year ended September 30, 2023
(Expressed in Trinidad and Tobago Dollars)

	Notes	2023	2022
Interest income	15	2,448,265	2,897,101
Fees and commissions	16	8,605,859	9,835,339
Other income		437,133	6,516,131
Total income		**11,491,257**	**19,248,571**
Net foreign exchange (loss)/ gain		(2,705)	291,600
Fair value loss		(1,464,819)	-
Operating expenses	17	(18,662,389)	(17,524,430)
(Loss)/profit before interest and tax		**(8,638,655)**	**2,015,741**
Finance cost		(194,194)	(293,525)
(Loss)/profit before tax		**(8,832,849)**	**1,722,216**
Taxation charge	18	(150,721)	(122,806)
Total comprehensive (loss)/ income for the year		**$(8,983,570)**	**$1,599,410**

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

KCL Capital Market Brokers Limited

Statement of Changes in Equity

For the year ended September 30, 2023

(Expressed in Trinidad and Tobago Dollars)

	Ordinary share capital	Preference share capital	Retained earnings	Total shareholders' equity
Year ended September 30, 2023				
Balance as at October 1, 2022	738,443	20,133,540	29,425,932	50,297,915
Total comprehensive loss	-	-	(8,983,570)	(8,983,570)
	738,443	20,133,540	20,442,362	41,314,345
Transaction with owners				
- Redemption of ordinary shares	(42,560)	-	-	(42,560)
- Preference shares dividend	-	-	(1,226,204)	(1,226,204)
Balance as at September 30, 2023	**$695,883**	**$20,133,540**	**$19,216,158**	**$ 40,045,581**
Year ended September 30, 2022				
Balance as at October 1, 2021	738,443	21,133,540	29,084,800	50,956,783
Total comprehensive income	-	-	1,599,410	1,599,410
	738,443	21,133,540	30,684,210	52,556,193
Transaction with owners				
- Ordinary shares dividend	-	(1,000,000)	-	(1,000,000)
- Preference shares dividend	-	-	(1,258,278)	(1,258,278)
Balance as at September 30, 2022	**$738,443**	**$20,133,540**	**$29,425,932**	**$50,297,915**

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

KCL Capital Market Brokers Limited

Statement of Cash Flows
For the year ended September 30, 2023
(Expressed in Trinidad and Tobago Dollars)

	2023	2022
Cash flows from operating activities		
(Loss)/profit before taxation	(8,832,849)	1,722,216
Adjustments for:		
Depreciation	386,921	282,502
Lease interest expense	126,496	282,279
Loss on disposal of property and equipment	32,219	854
Fair value loss	1,464,819	-
Amortisation of rights of use asset	785,436	785,436
Expected credit losses	3,695,343	624,356
Reversal of provision for impairment- AFS	(402,325)	(400,159)
	(2,563,940)	3,297,484
Changes in working capital:		
Decrease/(increase) in receivables and prepayments	2,042,510	(576,872)
Decrease/(increase) in loans and other receivables	1,462,098	(3,554,051)
Increase in due from related parties	(117,540)	(281,247)
Decrease in payables and accruals	(11,266,796)	(332,051)
Increase in securities under repurchase agreement	-	1,600,000
Taxes paid	(150,721)	(166,267)
Net cash (used in)/provided by operating activities	**(10,594,389)**	**(13,004)**
Cash flows from investing activities		
Purchase of investments	(37,708,188)	(57,726,089)
Proceeds from sale of investments	42,473,003	53,750,791
Purchase of property and equipment	(96,484)	(77,979)
Purchase of intangible asset	(3,398)	(1,775,516)
Proceeds from sale of investment property and plant and equipment	-	1,050,800
Net cash used in investing activities	**4,664,933**	**(4,777,993)**
Cash flows from financing activities		
Repurchase of preference shares	-	(1,000,000)
Lease payments	(1,738,090)	(1,635,427)
Redemption of ordinary shares	(42,560)	-
Dividends paid	(1,226,204)	(1,258,278)
Net cash used in financing activities	**(3,006,854)**	**(3,893,705)**
Net decrease in cash and cash equivalents	(8,936,310)	(8,684,702)
Cash and cash equivalents at beginning of year	**50,116,799**	**58,801,501**
Cash and cash equivalents at end of year	**$41,180,489**	**$50,116,799**

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

1. Incorporation and business activities

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

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

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

2. Significant accounting policies

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

2.1 Basis of preparation

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

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

(a) New standards, amendments and interpretations which are effective and have been adopted by the Company in the current year

The Company adopted the following amendments with a transition date of October 1, 2022. There were no significant changes made to these financial statements resulting from the adoption of these amendments.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

(b) New standards amendment and interpretations issued but not effective for the financial year beginning October 1, 2022, and not early adopted

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Company's future financial statements in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the note below.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) New standards amendment and interpretations issued but not effective for the financial year beginning October 1, 2022, and not early adopted (continued)

The following amendments are effective for the period beginning January 1, 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);

  In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. As IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2.

- Definition of Accounting Estimates (Amendments to IAS 8); and

  In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.

The following amendments are effective for the period beginning January 1, 2024:

- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)

  The IASB issued amendments to IAS 1 - Classification of Liabilities as Current or Non-current in January 2020, which have been further amended partially by amendments Non-current Liabilities with Covenants issued in October 2022.

  The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period.

  As a result of the COVID-19 pandemic, the Board deferred the effective date of the amendments by one year to annual reporting periods beginning on or after January 1, 2024.

- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

  Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022.

  If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period.

  The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) New standards amendment and interpretations issued but not effective for the financial year beginning October 1, 2022, and not early adopted (continued)

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

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

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

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

2.2 Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Trinidad and Tobago dollars, which is the functional and presentation currency.

Transactions and balances

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

2.3 Provisions

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

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

2.4 Financial assets

Classification

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

- Hold to collect and sell or
- Hold to collect

The Company's business model

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

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

The Company's business model (continued)

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

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

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not recognised at fair value through profit and loss (FVPL) are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 20(c). Interest income from these financial assets is included in "interest income" on the statement of comprehensive income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI)

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

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the "Statement of Comprehensive Income" within "Gains on investments securities" in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented in "Net interest income". Interest income from these financial assets is included in "Net interest income" using the effective interest rate method.

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

Recognition/de-recognition of financial assets

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

Impairment

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

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Determination of fair value

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

2.5 Property and equipment

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

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

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

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

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

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

2. Significant accounting policies (continued)

2.5 Property and equipment (continued)

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

2.6 Intangible assets

Computer software

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on the reducing balance basis over their estimated useful lives. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortisation is provided at a rate estimated to write off the asset over its estimated useful life. The rate used is as follows:

Computer software	-	10% reducing balance

2.7 Cash and cash equivalents

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

2.8 Income tax

(a) Current income tax

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

(b) Deferred income tax

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

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

2.9 Revenue recognition

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

2. Significant accounting policies (continued)

2.9 Revenue recognition (continued)

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

2.10 Share capital

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

2.11 Offsetting

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

2.12 Investment property

The Company owned a freehold property that was held for capital appreciation. The property was not occupied by the Company. Investment property was carried at fair value, derived from the current market prices for comparable real estate as determined by qualified independent valuators. Changes in fair value were recognised in profit or loss. The property was sold at year end at net book value and no gain or loss arise from the sale.

2.13 Critical accounting estimates and judgments

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

(a) Income taxes

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

(b) Impairment of investments

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

2. Significant accounting policies (continued)

2.14 Leases

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

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

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

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

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

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

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

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

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

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

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

2. Significant accounting policies (continued)

2.14 Leases (continued)

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

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

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

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- In all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one of more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure it carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

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

3. Cash and cash equivalents

	2023	**2022**
Cash on hand	16,783	17,454
Cash at bank	13,419,453	12,533,554
Short term investments	27,744,253	37,565,791
	$41,180,489	**$50,116,799**

The above cash balance includes $37,636,435 (2022: $45,911,078) which represents cash held on behalf of clients in trust, the use of which is restricted.

4. Investments

Amortised cost

	2023	2022
Cost at beginning of year	49,552,754	53,941,221
Additions	37,708,188	51,854,931
Disposals/maturities	(38,628,252)	(53,750,791)
Reversal of provision for impairment of investment	402,325	400,159
Expected credit losses	95,648	(624,356)
Matured and reclassified to loans and other receivables	(3,844,751)	(2,268,410)
End of year	**$45,285,912**	**$49,552,754**
Investments include the following unlisted securities:		
Corporate debt	25,634,027	29,165,176
Preference shares	14,620,531	14,429,958
GORTT and state-owned enterprises bonds	1,600,000	1,600,000
Foreign government bonds	3,431,354	4,357,620
	$45,285,912	**$49,552,754**

Debt securities at amortised cost includes investment securities with fixed coupons. These investment securities are pledged under the Company's sale and repurchase agreements.

Fair value through profit or loss

	2023	2022
Opening Balance	5,871,158	-
Additions	-	5,871,158
Fair Value adjustment	(1,464,819)	
End of year	**$4,406,339**	**$5,871,158**
Investments include the following unlisted securities:		
Ordinary shares	4,406,339	5,871,158
	$54,406,339	**$5,871,158**

The maturity profile for investments in Note 20(b).

5. Receivables and prepayments

	2023	2022
Investment income receivable	4,558,186	3,723,557
Expected credit loss on investment income receivable	(131,638)	(131,638)
Net investment income receivable	4,426,548	3,591,919
Fees receivable	2,956,602	6,764,711
Receivable from clients	330,143	188,499
Other receivables	1,027,866	238,540
	$8,741,159	**$10,783,669**

6. Loans and other receivables

	2023	2022
Due from issuers of promissory notes not yet matured	5,451,626	12,546,525
Due from issuers of matured promissory notes	1,434,042	1,324,042
Due from issuers of promissory notes	6,885,668	13,870,567
Due from issuers of matured participation investments	19,721,772	19,795,350
Expected credit loss on loans and other receivables	(11,077,087)	(6,703,770)
Due from issuers of participation investments	8,644,685	13,091,580
Other receivables	6,775,390	776,686
	$22,305,743	**$27,738,833**

As at September 30, 2023, loans and other receivables of $14,669,065 (2022: $15,144,946) were past due but not impaired. The ageing analysis of those loans and other receivables are as follows:

	2023	2022
0 - 6 months	1,114,759	1,849,283
6 months to 1 year	402,324	52,985
Over 1 year	13,151,982	13,242,678
	$14,669,065	**$15,144,946**

Due from issuers of matured promissory notes and due from the issuers of matured participation investments, represents amounts that matured on or before September 30, 2023, but were not repaid to the Company as originally scheduled.

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

Debtor	2023	2022	Security
Southern Hatcheries Limited	4,294,678	3,892,353	Registered charge over all equipment financed and equipment held in Principal's name. Second Debenture on properties and personal guarantees on Principals.
CinemaOne Ltd	1,193,248	1,193,248	Personal Guarantees on the Principals
Sealey	4,870,569	4,870,569	Mortgage over property situated at Nos. 15-16 Glencoe Heights, La Horquette Valley Road, Glencoe (the Glencoe Property). By Deed of Mortgage dated the 4th day of October 2018 and registered as DE 2019-007864-87 D001, the Glencoe Property was mortgaged in favor of the Trustee.
Aspire	1,891,338	871,680	Investment assets purchased under asset management agreement.
Trade Receivables	1,190,158	2,146,466	Assignment of cashflows on various projects and receivables and personal guarantees on Principals.
Others	1,229,074	2,170,630	Assignment of cashflows on various projects and receivables and personal guarantees on Principals.
	$14,669,065	**$15,144,946**	

7. Related party transactions

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

	2023	2022
a) Due from related parties:		
Key management personnel *	527,876	501,393
Other related parties	95,508	4,451
	$623,384	**$505,844**

* This comprises of loan receivable balances of $250,669 (2022: $280,524) with interest rates ranging between 6.0% and 7.5% and balances of $372,715 (2022: $225,320) with interest rate of 0%. There is no fixed maturity date.

	2023	2022
b) Transactions with related parties:		
Interest income – Key management	22,354	20,864
	$22,354	**$20,864**
c) Directors' fees	254,814	261,700
	$ 254,814	**$261,700**
e) Key management compensation: Salaries and benefits	4,583,476	6,027,107
	$4,583,476	**$6,027,107**
f) Share capital held by Directors and key management personnel:		
Ordinary share capital	612,628	612,628
	$612,628	**$612,628**

8. Right of use asset and lease liability

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

	2023	2022
Right of use asset		
Opening right of use asset	1,112,700	1,898,136
Amortisation of right of use asset	(785,436)	(785,436)
Closing right of use asset	**$327,264**	**$1,112,700**
Lease liability		
Opening lease liability	1,807,649	3,160,797
Lease payments made	(1,738,090)	(1,635,427)
Interest expense	126,496	282,279
Closing lease liability	**$196,055**	**$1,807,649**

9. Investment property

	2023	2022
As at beginning of year	-	1,050,000
Disposal for the year	-	(1,050,000)
As at end of year	**$-**	**$-**

The investment property was acquired as repayment of an investment of the Company in December 2015. The investment property was disposed in 2022 at net book value resulting in no gain or loss arising from sale.

10. Intangible asset

	Software
For the year ended September 30, 2023	
Cost as at October 1, 2022	1,775,516
Additions for the year	3,398
Cost as at September 30, 2023	1,778,914
Accumulated depreciation as at October 1, 2022	44,387
Depreciation for the year	173,396
Accumulated depreciation at September 30, 2023	217,783
Net book value as at September 30, 2023	**$1,561,131**
For the year ended September 30, 2022	
Cost as at October 1, 2021	-
Additions for the year	1,775,516
Cost as at September 30, 2022	1,775,516
Accumulated depreciation as at October 1, 2021	-
Depreciation for the year	44,387
Accumulated depreciation at September 30, 2022	44,387
Net book value as at September 30, 2022	**$1,731,129**

11. Property and equipment

	Computer Equipment	Office Equipment	Leasehold Improvements	Total
For the year ended September 30, 2023				
Cost as at October 1, 2022	470,537	1,192,745	993,082	2,656,364
Additions for the year	92,654	3,830	-	96,484
Disposals for the year	-	(72,716)	-	(72,716)
Cost as at September 30, 2023	563,191	1,123,859	993,082	2,680,132
Accumulated depreciation as at October 1, 2022	365,028	448,764	535,470	1,349,262
Depreciation for the year	47,464	74,538	91,523	213,525
Depreciation on disposals	-	(40,497)	-	(40,497)
Accumulated depreciation at September 30, 2023	412,492	482,805	626,993	1,522,290
Net book value as at September 30, 2023	**$150,699**	**$641,054**	**$366,089**	**$1,157,842**

	Computer Equipment	Office Equipment	Leasehold Improvements	Total
For the year ended September 30, 2022				
Cost as at October 1, 2021	418,650	1,170,122	993,082	2,581,854
Additions for the year	51,887	26,092	-	77,979
Disposals for the year	-	(3,469)	-	(3,469)
Cost as at September 30, 2022	470,537	1,192,745	993,082	2,656,364
Accumulated depreciation as at October 1, 2021	321,688	370,207	421,067	1,112,962
Depreciation for the year	43,340	80,372	114,403	238,115
Depreciation on disposals	-	(1,815)	-	(1,815)
Accumulated depreciation at September 30, 2022	365,028	448,764	535,470	1,349,262
Net book value as at September 30, 2022	**$105,509**	**$743,981**	**$457,612**	**$1,307,102**

12. Payables and accruals

	2023	2022
Client payables	66,964,856	77,659,759
Funds under management	11,403,453	8,802,458
Holdbacks on facilities	2,867,728	5,782,331
Ordinary Share dividends payable	576,424	1,576,424
Debt service and interest reserve	748,081	(246,508)
Legal fees and stamp duty payable	565,753	552,530
Accruals	374,087	439,877
Deferred revenue	290,408	426,578
Other (receivables)/payables	(54,912)	9,225
Unsettled disbursements	11,750	11,750
	$83,747,628	**$95,014,424**

13. Repurchase agreements

	2023	2022
Principal	1,600,000	1,600,000
	$1,600,000	1,600,000

The security pledged for the repurchase agreements was a Government of Trinidad and Tobago TTD bond with total market value plus accrued interest of $1,646,000 as per Note 4. The tenors of the agreements are 365 days.

14. Share capital

Issued and fully paid	**2023**	**2022**
10,632,628 Class A ordinary shares of no par value (2022: 10,632,628)	632,629	632,629
63,254 Class B ordinary shares of no par value (2022: 105,814)	63,254	105,814
	695,883	738,443
Preference Shares		
20,133,540 preference shares of no par value (2022: 20,133,540)	20,133,540	20,133,540
Total	**$20,829,423**	**$20,871,983**

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

14. Share capital (continued)

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

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

15. Interest income

	2023	2022
Interest from external investments	1,998,982	2,214,424
Interest from cash balances held	426,929	661,813
Interest from loans to related parties	22,354	20,864
	$2,448,265	**$2,897,101**

16. Fees and commissions

	2023	2022
Arrangement fees	7,008,518	7,168,648
Administrative fees	706,522	1,216,037
Advisory fees	132,853	859,585
Late payment fees	757,966	591,069
	$8,605,859	**$9,835,339**

17. Operating expenses

	2023	2022
Staff costs	9,925,882	11,870,595
Professional fees	1,209,629	1,540,294
Expected credit losses	3,970,991	959,642
Office expenses	1,022,873	931,819
Amortisation of right of use assets	785,436	785,436
Depreciation	386,921	282,502
Commissions	287,013	259,643
Other expenses	284,322	95,411
Director’s fee	254,814	261,700
Insurance expenses	161,422	175,306
Donations	116,124	82,000
Management fees	96,991	100,913
Advertising and public relations	80,491	70,921
Bank charges	29,714	31,580
Travel expenses	26,243	49,663
Repairs and maintenance	13,100	1,819
Board meeting expenses	5,515	6,261
Entertainment expenses	4,907	18,925
	$18,662,389	**$17,524,430**

17. Operating expenses

	2023	2022
Staff Costs		
Salaries and wages	9,159,571	11,124,748
National insurance - employer contribution	402,506	389,447
Car maintenance and gas allowance	170,464	137,728
Group health and medical	213,279	138,208
Other	(19,938)	80,464
	$9,925,882	**$11,870,595**
Number of employees at end of year	**32**	**31**

18. Taxation

	2023	2022
Business levy	98,129	81,881
Green fund levy	52,592	40,925
	$150,721	**$122,806**

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

Profit before taxation	(8,832,849)	1,722,216
Tax calculated at statutory rate	(2,649,855)	516,665
Income not subject to tax allowances	(651,819)	(26,698)
Expenses not deductible for tax purposes	1,784,863	369,376
Business levy	98,129	81,881
Green fund levy	52,592	40,925
Tax losses carried forward/(utilised)	1,516,811	(859,343)
	$150,721	**$122,806**

The Company has accumulated tax losses of approximately $194,232,797 (2022: $189,726,519) to carry forward against taxable profits in future years. No deferred tax has been recognised due to the uncertainty of future taxable income to utilize the loss.

19. Dividends

	2023	2022
Dividends paid on ordinary shares during the year	-	-
Dividends paid on preference shares during the year	1,226,204	1,258,278
	$1,226,204	**$1,258,278**

20. Financial risk management

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

a) *Risk management structure*

Board of Directors

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

Audit Committee

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

Risk Management Committee

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

Asset/Liability Committee (ALCO)

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

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

Risk measurement and reporting systems

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

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

20. Financial risk management (continued)

a) Risk management structure (continued)

Risk measurement and reporting systems (continued)

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

b) Liquidity risk

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

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

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

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

	Up to one year	One to five years	Over five years	No stated maturity	Total
As at September 30, 2023					
Assets					
Cash and cash equivalents	21,576,921	-	-	19,603,568	41,180,489
Investments					
-Amortised cost	13,066,674	17,570,663	341,537	14,307,038	45,285,912
-FVTPL	-	-	-	4,406,339	4,406,339
Receivables and prepayments	-	-	-	8,741,159	8,741,159
Loans and other receivables	22,305,744	-	-	-	22,305,744
Due from related parties	623,384	-	-	-	623,384
Total Assets	**$57,572,723**	**$17,570,663**	**$ 341,537**	**$47,058,104**	**$ 122,543,027**
Liabilities					
Payables and accruals	83,747,628	-	-	-	83,747,628
Securities sold under Repurchase Agreement	-	700,000	900,000	-	1,600,000
Lease liability	196,055	-	-	-	196,055
Total Liabilities	**$ 83,943,683**	**$700,000**	**$900,000**	**$-**	**$85,543,683**
Net Liquidity Risk	**$(26,370,960)**	**$16,870,663**	**$(558,463)**		

20. Financial risk management (continued)

b) *Liquidity risk (continued)*

	Up to one year	One to five years	Over five years	No stated maturity	Total
As at September 30, 2022					
Assets					
Cash and cash equivalents	32,669,456	-	-	17,447,343	50,116,799
Investments					
- Amortised Cost	17,243,273	11,652,452	6,227,071	14,429,958	49,552,754
-FVTPL	-	-	-	5,871,158	5,871,158
Receivables and prepayments	-	-	-	10,783,669	10,783,669
Loans and other receivables	27,738,833	-	-	-	27,738,833
Due from related parties	467,510	38,334	-	-	505,844
Total Assets	**$78,119,072**	**$11,690,786**	**$6,227,071**	**$48,532,128**	**$144,569,057**
Liabilities					
Payables and accruals	95,014,424	-	-	-	95,014,424
Securities sold under Repurchase Agreement	-	700,000	900,000	-	1,600,000
Lease Liability	1,378,374	429,275	-	-	1,807,649
Total Liabilities	**$96,392,798**	**$1,129,275**	**$900,000**	**$-**	**$98,422,073**
Net Liquidity Risk	**$(18,273,726)**	**$10,561,511**	**$5,327,071**		

c) *Credit risk*

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

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

i) *Expected credit loss measurement*

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

- A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

20. Financial risk management (continued)

c) Credit risk (continued)

i) Expected credit loss measurement (continued)

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit- impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).
- Further explanation is also provided of how the Company determines appropriate groupings when ECL is measured on a collective basis.

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

Change in credit quality since initial recognition

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

Significant increase in credit risk (SICR)

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

Definition of default and credit-impaired assets

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

Quantitative criteria

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

Qualitative criteria

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

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

20. Financial risk management (continued)

c) Credit risk (continued)

i) Expected credit loss measurement (continued)

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

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

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

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

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

20. Financial risk management (continued)

c) Credit risk (continued)

i) Expected credit loss measurement (continued)

The EAD is considered as follows:

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

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

Forward-looking information incorporated in the ECL models

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

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

Sensitivity analysis

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

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

	2023	**2022**
Cash and cash equivalents	41,180,489	50,116,799
Investments		
- Amortised cost	45,285,912	49,552,754
Receivables	8,741,159	10,783,669
Loans and other receivables	22,305,744	27,738,833
Due from related parties	623,384	505,844
	$118,136,688	**$138,697,899**

20. Financial risk management (continued)

c) Credit risk (continued)

iii) Analysis of financial assets

a) A summary of financial assets is summarised below:

	2023	**2022**
Investments- Amortised cost		
Neither past due nor impaired	45,285,912	49,552,754
	$45,285,912	**$49,552,754**
Loans and other receivables:		
Neither past due nor impaired	11,607,670	12,593,887
Past due but not impaired	14,669,065	15,144,946
	$26,276,735	**$27,738,833**
Receivables:		
Neither past due nor impaired	5,421,181	4,384,214
Past due but not impaired	3,319,978	6,399,455
	$8,741,159	**$10,783,669**
Due from related parties:		
Neither past due nor impaired	623,384	505,844
	$623,384	**$505,844**

b) Movements in the impairment allowance are as follows:

	2023	**2022**
Opening provision for impairment	8,338,682	7,379,040
(Decrease)/increase during the year:		
Provision for impairment – investments at amortised cost	-	499,870
Provision for impairment – receivable	3,970,991	335,286
Provision for impairment - due from issuers of matured promissory notes	(95,648)	124,486
Closing provision for impairment	**$12,214,025**	**$8,338,682**

20. Financial risk management (continued)

d) Market risk

i) Interest rate risk

Interest sensitivity of assets and liabilities

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

	2023	**2021**
Cash and cash equivalents	41,163,705	50,099,345
	$41,163,705	**$50,099,345**

Sensitivity Analysis

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

	Effect on Shareholders' Equity 2023	**Effect on Shareholders' Equity 2022**
Change in interest rate:		
+1%	$2,717	$4,003
-1%	$(2,717)	$(4,003)

ii) Foreign exchange risk

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

20. Financial risk management (continued)

d) Market risk (continued)

ii) *Foreign exchange risk* (continued)

As at 30 September	**2023**	**2022**
Assets		
United States dollars:		
Cash and cash equivalents	13,729,136	12,468,732
Investment- amortised cost	17,797,751	13,501,399
Loans and other receivables	871,680	1,380,503
	32,398,567	**27,350,634**
Canadian dollars:		
Cash and cash equivalents	7,696	7,539
	7,696	**7,539**
Eastern Caribbean dollars:		
Investments	3,431,354	4,357,620
	3,431,354	**4,357,620**
Total assets	**$35,837,617**	**$31,715,793**

Sensitivity analysis

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

	Effect on Net Shareholders' Equity 2022	**Effect on Net Shareholders' Equity 2021**
Change in currency rate:		
+1%	$(358,376)	$(317,158)
-1%	$358,376	$317,158

e) Capital management

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

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

21. Fair value measurement

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

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

The following table analyses within the fair value hierarchy the Company's investments at September 30:

2023 **Assets**	**Level 1**	**Level 2**	**Level 3**	**Total balance**
Investments				
- Amortised cost	5,031,354	-	40,254,558	45,285,912
- FVTPL		-	4,406,339	4,406,339
Total assets	**$5,031,354**	**-**	**$44,660,897**	**$49,692,251**

2022 **Assets**	**Level 1**	**Level 2**	**Level 3**	**Total balance**
Investments				
Amortised cost	5,957,620	-	43,595,134	49,552,754
FVTPL		-	5,871,158	5,871,158
Total assets	**$5,957,620**	**-**	**$49,176,292**	**$55,423,912**

Reconciliation of movement in Level 3 investments:

	2023	**2022**
Cost at beginning of year	49,176,292	53,651,221
Additions	37,708,188	51,768,470
Disposals/maturities	(38,873,805)	(53,720,034)
Provision for/(reversal of) impairment of available for sale financial assets	497,973	(224,197)
Matured and reclassified to loans and other receivables	(3,844,751)	(2,299,168)
End of year	**$44,660,897**	**$49,176,292**

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

The carrying value of all other financial assets and liabilities approximates their fair value due to their short term maturity.

21. Fair value measurement (continued)

C15 Studios is fully owned by Aspire Fund Management Company, an affiliated company to KCL by overlapping ownership. Aspire is a licensed Investment Advisory firm, regulated by Trinidad & Tobago's SEC who advises on, or owns, equity investments between TT$3 million and TT$50 million across 10 sectors. Aspire is active in the Caribbean & Latin America's private equity, private debt, real estate, and structured finance markets and has a medium to long term investment horizon. The company seeks positions primarily in the Caribbean sectors it believes to be under-optimised and undervalued from a regional or global perspective; these include, but are not limited to, positions in: Media & Entertainment, Agriculture & Ag-Tech; Healthcare & Health -tech; Financial Services & Fin- Tech; Food & Beverage; Transportation & Logistics, Energy and Education. Through its investment in C15 Studios Aspire intends to increase its medium to long term exposure to the Caribbean's Media and Entertainment sector and is committed to providing financial support for C15's working & acquisition capital needs, if required, over the medium term. Given C15's growth and strategy and management's assessment of the ability of its parent company to support its operating and growth capital requirements, management has maintained carrying value of $11,941,108 on the Company's holdings of 36,029 Convertible Redeemable Participating preference share in C15 Limited.

22. Fiduciary activities

The Company provides investment management services to third parties. All related assets are held in a fiduciary capacity and are not included in these financial statements as they are not the assets of the Company. These assets under administration as at September 30, 2023 totalled $231,318,974 (2022: $231,358,110).

23. Subsequent events

Management evaluated all events that occurred from October 1, 2023, through December 29, 2023, the date the financial statements were available to be issued. During the period, the Company did not have any subsequent events requiring recognition or disclosure in the financial statements.