Sheppard Securities Limited

Audited Unconsolidated Financial Statements

For the year ended February 29, 2024

Sheppard Securities Limited

Unconsolidated Financial Statements
For the year ended February 29, 2024
(Expressed in Trinidad and Tobago Dollars)

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Independent Auditor's Report

To the Shareholders of
Sheppard Securities Limited

Opinion

We have audited the unconsolidated financial statements of Sheppard Securities Limited (the "Company"), which comprise the unconsolidated statement of financial position as at February 29, 2024, and the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity, and unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary material accounting policy information.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2024, and of its financial performance and its cash flows for the year then ended in accordance with Accounting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated 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 Unconsolidated Financial Statements

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

In preparing the unconsolidated 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 Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated financial statements.

Independent Auditor's Report (continued)

Auditor's responsibilities for the Audit of the Unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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

May 27, 2024

Port of Spain,
Trinidad, West Indies

Sheppard Securities Limited

Unconsolidated Statement of Financial Position
As at February 29, 2024
(Expressed in Trinidad and Tobago Dollars)

	Notes	2024	2023
Assets			
Non-current assets			
Property and equipment	3	3,651,877	1,668,234
Right-of-use assets	4	9,921,859	1,242,433
Investment in subsidiary	5	5,121,036	4,908,536
Loans to related parties	14	5,662,099	3,355,357
Investment at amortised cost	6	8,526	283,795
Total non-current assets		**24,365,397**	**11,458,355**
Current assets			
Investments at amortised cost	6	15,370,237	10,835,580
Accounts receivable and prepayments	7	355,196	591,239
Cash and cash equivalents	8	131,327,081	136,169,801
Total current assets		**147,052,514**	**147,596,620**
Total assets		**$171,417,911**	**$159,054,975**
Equity and liabilities			
Equity			
Stated capital	9	3,766,500	3,766,500
Retained earnings		25,240,610	21,667,696
Total equity		**29,007,110**	**25,434,196**
Liabilities			
Non-current liabilities			
Lease liabilities	4	9,797,233	836,275
Borrowings		1,415,910	-
Deferred tax liability	10	92,177	74,157
Total non-current liabilities		**11,305,320**	**910,432**
Current liabilities			
Funds held for clients	8	127,861,098	130,265,077
Borrowings		366,626	-
Lease liabilities	4	555,676	498,203
Accounts payable and accruals	11	940,072	567,967
Taxation payable	10	1,382,009	1,379,100
Total current liabilities		**131,105,481**	**132,710,347**
Total liabilities		**142,410,801**	**133,620,779**
Total equity and liabilities		**$171,417,911**	**$159,054,975**

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

These unconsolidated financial statements were approved by the Board of Directors of Sheppard Securities Limited on May 24, 2024.

Director

Director

Sheppard Securities Limited

Unconsolidated Statement of Comprehensive Income
For the year ended February 29, 2024
(Expressed in Trinidad and Tobago Dollars)

	Notes	2024	2023
Revenue			
Management fee income		24,410,574	22,541,874
Commission income		13,333,567	10,482,433
Service income		67,825	105,374
Other income		1,034,617	1,794,677
		38,846,583	34,924,358
Direct costs			
Commission expenses		(3,417,289)	(3,192,501)
Service fees		(6,897)	(26,839)
		(3,424,186)	(3,219,340)
Gross profit		35,422,397	31,705,018
Administrative expenses	12	(28,511,501)	(24,406,894)
Profit before taxation		6,910,896	7,298,124
Taxation charge	10	(1,784,222)	(1,738,370)
Total comprehensive income for the year		**$5,126,674**	**$5,559,754**

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

Sheppard Securities Limited

Unconsolidated Statement of Changes in Equity

For the year ended February 29, 2024
(Expressed in Trinidad and Tobago Dollars)

	Stated capital	Retained earnings	Total equity
Year ended February 29, 2024			
Balance as at March 1, 2023	3,766,500	21,667,696	25,434,196
Total comprehensive income for the year	-	5,126,674	5,126,674
Dividends paid	-	(1,553,760)	(1,553,760)
Balance as at February 29, 2024	**$3,766,500**	**$25,240,610**	**$29,007,110**
Year ended February 28, 2023			
Balance as at March 1, 2022	3,766,500	17,661,702	21,428,202
Total comprehensive income for the year	-	5,559,754	5,559,754
Dividends paid	-	(1,553,760)	(1,553,760)
Balance as at February 28, 2023	**$3,766,500**	**$21,667,696**	**$25,434,196**

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

Sheppard Securities Limited

Unconsolidated Statement of Cash Flows
For the year ended February 29, 2024
(Expressed in Trinidad and Tobago Dollars)

	2024	2023
Cash flows from operating activities		
Profit before taxation	6,910,896	7,298,124
Adjustments for non-cash movements:		
Depreciation of property and equipment	465,678	328,372
Amortization of right-to-use asset	688,667	461,806
Interest expense on lease liability	438,691	72,716
Gain on termination of right-of-use asset	(85,141)	-
Loss on disposal of assets	262,537	-
	8,681,328	8,161,018
Changes in working capital:		
Decrease/(increase) in accounts receivable and prepayments	236,043	971,363
Increase in loans to related parties	(2,306,742)	(1,593,738)
(Decrease)/increase in funds held for clients	(2,403,979)	(38,217,711)
Decrease in accounts payable and accruals	372,105	(679,632)
Taxes paid	(1,763,293)	(1,518,282)
Net cash (used in)/provided by operating activities	**2,815,462**	**(32,876,982)**
Cash flows from investing activities		
Purchase of property and equipment	(2,711,858)	(343,576)
Proceeds from sale of property and equipment	-	2,072
Investment in subsidiaries	(212,500)	(757,895)
Repayment of investment	-	97,004
Purchase of investment	(4,259,388)	(10,057,031)
Net cash used in investing activities	**(7,183,746)**	**(11,059,426)**
Cash flows from financing activities		
Dividends paid	(1,553,760)	(1,553,760)
Proceeds from borrowings	1,987,292	-
Repayment of borrowings	(204,756)	-
Lease payments made	(703,212)	(525,516)
Net cash used in financing activities	**(474,436)**	**(2,079,276)**
Net (decrease)/increase in cash and cash equivalents	**(4,842,720)**	**(46,015,684)**
Cash and cash equivalents as at beginning of year	136,169,801	182,185,485
Cash and cash equivalents as at end of year	**$131,327,081**	**$136,169,801**

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

1. Incorporation and business activities

Sheppard Securities Limited (the "Company") was incorporated in the Republic of Trinidad and Tobago on January 5, 2009. The Company's registered office is located at # 5-7 Sweet Briar Road, St. Clair, Trinidad.

The Company is registered with the Securities and Exchange Commission ("SEC") under the Securities Industry Act, 1995 to act as a securities broker and dealer.

2. Material accounting policies

The principal accounting policies applied in the preparation of these unconsolidated 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

These financial statements are unconsolidated as they represent the separate financial statements of the Company. The Company also prepares separate consolidated financial statements in accordance with IFRS 10 – Consolidated Financial Statements.

The unconsolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") and are presented in Trinidad and Tobago dollars under the historical cost convention.

The preparation of unconsolidated financial statements in conformity with IFRS Accounting Standards 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. 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 unconsolidated financial statements and the reported amounts of income and expenditure 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.

There are no areas involving a high degree of judgment or complexity, or any areas where assumptions and estimates are significant to the unconsolidated financial statements.

a) New and amended standards adopted by the Company

The Company adopted the following new amendments with a transition date of March 1, 2023. There were no significant changes made to these financial statements resulting from the adoption of these new amendments.

- 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.
- 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.

b) New standards, amendments and interpretations issued but not effective 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. Material accounting policies (continued)

2.1 Basis of preparation (continued)

b) New standards, amendments and interpretations issued but not effective and not early adopted (continued)

- The IFRS Interpretations Committee issued an agenda decision in June 2020 – Sale and leaseback with Variable Payments. The Amendments provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.
- 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.
- 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. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.
- On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (the Amendments). The Amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The Amendments also provide guidance on characteristics of supplier finance arrangements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.
- On 15 August 2023, the IASB issued Lack of Exchangeability which amended IAS 21 *The Effects of Changes in Foreign Exchange Rates* (the Amendments). The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency. The amendments are effective for annual reporting periods beginning on or after January 1, 2025.

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. Material accounting policies (continued)

2.1 Functional and presentation currency

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

2.2 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 unconsolidated statement of comprehensive income.

2.3 Property and equipment

Property and equipment is 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 unconsolidated 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:

Furniture, fixtures and Fittings	-	10-33%
Software	-	33%
Leasehold improvements	-	10%

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

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 unconsolidated statement of comprehensive income.

2.4 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 the asset; and
- The Company has the right to direct use of the asset.

2. Material accounting policies (continued)

2.5 Leases (continued)

The Company considers whether the supplier has substantive substitution rights. 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 benefits from the use of the asset, the Company considers only the economic benefits that arise from the use of the asset, not those incidental 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 IFRS Accounting Standards 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 to which they relate.

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

- amounts expected to be 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 on the basis of 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

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.

2. Material accounting policies (continued)

2.5 Leases (continued)

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 is 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 modification:

- 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 or 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 its 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, and account separately for, any services provided by the supplier as part of the contract.

2.6 Investment in subsidiaries

Subsidiaries are all entities (including Special Purpose Entities) over which the Company directly or indirectly, has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Investment in subsidiary is accounted for at cost less impairment in these unconsolidated financial statements.

2. Material accounting policies (continued)

2.7 Financial instruments

(i) Financial Assets

Investment in Debt Instruments

The Company classifies its financial assets based on its 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:

- 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.

Arising out of the assessment, the Company's debt portfolio was deemed to have the 'hold to collect' business model.

The Company reclassifies debt instruments when, and only when, it's business model for managing those assets changes. The classification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

The Company classifies its financial assets in the amortised cost category. 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 6. Interest income from these financial assets is included in the unconsolidated statement of comprehensive income using the effective interest rate method.

Accounts receivable

Accounts receivable arise principally from the provision of services to customers. The Company classifies its accounts receivables at amortized cost. They are initially recognized at fair value are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

2. Material accounting policies (continued)

2.7 Financial instruments (continued)

(i) Financial Assets (continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short terms highly liquid investments with original maturities of three months or less, and – for the purpose of the unconsolidated statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the unconsolidated statement of financial position.

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.

(ii) Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The Company recognises a loss allowance 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.

Impairment provisions for accounts receivable are recognized based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within operating and administrative expenses in the unconsolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for accounts receivable from related parties are recognized based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognized. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognized. For those that are determined to be credit-impaired, lifetime expected credit losses along with interest income on a net basis are recognized.

2. Material accounting policies (continued)

2.7 Financial instruments (continued)

(iii) 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'.

(iv) 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.

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.

2. Material accounting policies (continued)

2.7 Financial instruments (continued)

(v) 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 (as per-Definition of default and credit-impaired above), 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. LGD is expressed as the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the debt instrument.

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.

The EAD for amortising products and bullet repayment loans 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.

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

(vi) Financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost. Financial liabilities include borrowings, funds held for clients, lease liabilities, accounts payable and accruals. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished (that is, when the obligation specified in the contract is discharged, cancelled or expired).

2. Material accounting policies (continued)

2.8 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, 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.

2.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the unconsolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

2.10 Funds held for clients

Funds held for clients represents cash provided by clients which are to be subsequently used for investment transactions on behalf of the client. This is recorded at amortised cost.

2.11 Accounts payable and accruals

Accounts payable represent amounts owed by the Company to its suppliers. Accounts payable are recognised initially at fair value and are subsequently measured at amortised cost.

2.12 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.

2.13 Revenue recognition

Revenue is derived from the provision of services and is recognised at a point in time. This is because the Company provides, and the customer accepts the services 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.

2.14 Direct costs and administrative expenses

Direct costs and administrative expenses are recognised on the accrual basis in the reporting period during which the related income is earned.

2. Material accounting policies (continued)

2.15 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.

Business levy and green fund levy is provided at the statutory rate of 0.6% and 0.3% respectively on gross income for the year. Business levy takes effect only when it exceeds the current corporation tax liability.

The Corporation tax rate is 30% of chargeable income (2023: 30%)

(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 unconsolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the unconsolidated 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. Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.16 Fiduciary activities

The Company acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts and other institutions. These assets and returns thereon are excluded from these unconsolidated financial statements, as they are not assets of the Company.

2.17 Offsetting

Financial assets and liabilities are offset and the net amount reported in the unconsolidated 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.

3. Property and equipment

	Furniture, fixtures and fittings	Software	Leasehold improvements	Total
Year ended February 29, 2024				
Cost				
Cost as at March 1, 2023	2,401,612	838,514	966,404	4,206,530
Additions for the year	654,545	-	2,057,313	2,711,858
Disposals for the year	(161,129)	(838,514)	(335,434)	(1,335,077)
Cost as at February 29, 2024	**2,895,028**	**-**	**2,688,283**	**5,583,311**
Accumulated depreciation				
Accumulated depreciation as at March 1, 2023	(1,390,027)	(739,798)	(408,471)	(2,538,296)
Depreciation for the year	(270,212)	(27,419)	(168,047)	(465,678)
Depreciation on disposals	135,867	767,217	169,456	1,072,540
Accumulated depreciation as at February 29, 2024	**(1,524,372)**	**-**	**(407,062)**	**(1,931,434)**
Net book value as at February 29, 2024	**$1,370,656**	**$-**	**$2,281,221**	**$3,651,877**
Year ended February 28, 2023				
Cost				
Cost as at March 1, 2022	2,064,655	838,514	966,404	3,869,573
Additions for the year	343,576	-	-	343,576
Disposals for the year	(6,619)	-	-	(6,619)
Cost as at February 28, 2023	**2,401,612**	**838,514**	**966,404**	**4,206,530**
Accumulated depreciation				
Accumulated depreciation as at March 1, 2022	(1,177,546)	(690,446)	(346,479)	(2,214,471)
Depreciation for the year	(217,028)	(49,352)	(61,992)	(328,372)
Depreciation on disposals	4,547	-	-	4,547
Accumulated depreciation as at February 28, 2023	**(1,390,027)**	**(739,798)**	**(408,471)**	**(2,538,296)**
Net book value as at February 28, 2023	**$1,011,585**	**$98,716**	**$557,933**	**$1,668,234**

4. Leases

	Office premises	Office equipment	Total
Right-of-use asset			
Right-of-use asset as at March 1, 2023	1,090,822	151,611	1,242,433
Additions	10,353,350	-	10,353,350
Disposal	(985,257)	-	(985,257)
Amortization	(623,231)	(65,436)	(688,667)
Right-of-use asset as at February 29, 2024	**$9,835,684**	**$86,175**	**$9,921,859**
Lease Liability			
Lease liability as at March 1, 2023	1,178,021	156,457	1,334,478
Additions	10,353,350	-	10,353,350
Disposal	(1,070,398)	-	(1,070,398)
Interest expense	432,368	6,323	438,691
Lease payments	(637,170)	(66,042)	(703,212)
Lease liability as at February 29, 2024	**$10,256,171**	**$96,738**	**$10,352,909**
Non-current	9,763,347	33,886	9,797,233
Current	492,824	62,852	555,676
Total Lease liability	**$10,256,171**	**$96,738**	**$10,352,909**

	Office premises	Office equipment	Total
Right-of-use asset			
Right-of-use asset as at March 1, 2022	1,513,074	7,144	1,520,218
Additions	-	184,021	184,021
Amortization	(422,252)	(39,554)	(461,806)
Right-of-use asset as at February 28, 2023	**$1,090,822**	**$151,611**	**$1,242,433**
Lease Liability			
Lease liability as at March 1, 2022	1,595,625	7,632	1,603,257
Additions	-	184,021	184,021
Interest expense	68,734	3,982	72,716
Lease payments	(486,338)	(39,178)	(525,516)
Lease liability as at February 28, 2023	**$1,178,021**	**$156,457**	**$1,334,478**
Non-current	739,537	96,738	836,275
Current	438,484	59,719	498,203
Total lease liability	**$1,178,021**	**$156,457**	**$1,334,478**

	up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Lease liabilities						
As at February 28, 2024	**$136,157**	**$419,519**	**$553,816**	**$1,737,742**	**$7,505,675**	**$10,352,909**
As at February 28, 2023	**$122,268**	**$375,935**	**$523,259**	**$313,016**	**$-**	**$1,334,478**

5. Investment in subsidiary (continued)

	2024	2023
Sheppard Stockbrokers Ltd		
100% shareholding	2,250,00	2,250,000
Sheppard Investment Services Limited		
100% shareholding	948,962	948,962
Sheppard Financial Technologies Limited		
100% shareholding	100	100
Sheppard Insurance Brokers Limited		
82% shareholding (2023: 82%)	1,921,974	1,709,474
	$5,121,036	**$4,908,536**

Sheppard Insurance Brokers Limited, Sheppard Stockbrokers Limited and Sheppard Financial Technologies Limited are incorporated in Trinidad and Tobago and their principal activities are insurance brokerage services, investment brokerage services and technology related services, respectively. Sheppard Investment Services Limited is incorporated in Saint Lucia and its principal activity is investment services.

6. Investments

	2024	2023
Investments at amortized cost		
Current		
Treasury bills	15,094,831	10,057,031
Corporate bonds	275,406	778,549
	15,370,237	**10,835,580**
Non-current		
Corporate bonds		275,269
Government bonds	8,526	8,526
	8,526	**283,795**
Total investments at amortised cost	**$15,378,763**	**$11,119,375**

As at both year ends, the amortised cost, which is based on estimated future cash flows discounted using the current market rates for debt with the same maturity period and credit risks, approximate the carrying value of the investments.

7. Accounts receivable and prepayments

	2024	2023
Prepayments	257,164	418,704
Accounts receivable	93,968	96,860
Loans receivable	-	75,000
Staff receivables	4,064	675
	$355,196	**$591,239**

As at both year ends, the accounts receivable balance comprises amounts which are less than 60 days overdue and are not considered impaired. No provision has been made for expected credit losses.

8. Cash and cash equivalents

	2024	2023
Client funds	127,861,098	130,265,077
Cash at bank	3,465,983	5,904,724
	$131,327,081	**$136,169,801**

The above cash balance includes:

- $127,861,098 (2023: $130,265,077) which represents cash held on behalf of clients in trust, the use of which is restricted.
- $3,000,000 (2023: $3,000,000) pledged as collateral for a letter of credit with First Citizens Bank.

Funds held for clients represent cash provided by clients which are to be subsequently used for investment transactions on behalf of the client.

9. Stated capital

Authorised capital

An unlimited number of common shares
An unlimited number of redeemable preferences shares
An unlimited number of redeemable non-voting non-participatory common shares

Issued capital

	2024	2023
2024: 1,909,000 (2023: 1,909,000) common shares	2,973,000	2,973,000
2024: 83,000 (2023: 83,000) redeemable non-voting non-participatory common shares	793,500	793,500
	$3,766,500	**$3,766,500**

Holders of common shares are entitled to receive notice of and to attend all meetings of the shareholders of the Company and shall have one vote for each common share held at all such meetings; to receive any dividends declared at the discretion of the Board of Directors of the Company; 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.

The issued redeemable non-voting non-participatory common 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.

10. Taxation

Deferred tax

The deferred tax liability arose as a result of accelerated tax wear and tear allowance.

	2024	2023
As at beginning of year	74,157	89,190
Charge/(credit) to unconsolidated statement of comprehensive income	18,020	(15,033)
As at end of year	**$92,177**	**$74,157**

Taxation payable

	2024	2023
Corporation tax	1,315,028	1,312,683
Green fund levy	66,981	66,417
	$1,382,009	**$1,379,100**

Current tax

	2024	2023
Corporation tax	1,660,711	1,658,366
Green fund levy	105,491	95,037
Deferred tax charge	18,020	(15,033)
	$1,784,222	**$1,738,370**

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

	2024	2023
Profit before taxation	6,910,896	7,298,124
Tax calculated at corporation tax rates	2,073,269	2,189,437
Income not subject to tax and allowances	(294,101)	(248,314)
Expenses not deductible for tax purposes	435,113	270,032
Group loss relief utilised	(553,570)	(552,789)
Green fund levy	105,491	95,037
Deferred tax charge/(credit)	18,020	(15,033)
	$1,784,222	**$1,738,370**

11. Accounts payable and accruals

	2024	2023
Due to related parties	273,575	133,602
Accruals and other liabilities	475,715	200,736
Payroll liabilities	132,556	176,571
Accounts payable	58,226	57,058
	$940,072	**$567,967**

12. Administrative expenses

	2024	2023
Commissions paid	14,484,302	11,149,440
Staff costs	7,882,994	8,655,626
Software licenses	1,154,621	1,256,620
Depreciation and amortization	1,154,345	790,178
Professional fees	871,701	673,119
Insurance	473,163	421,528
Loan interest	447,267	-
Computer and internet expenses	440,327	437,847
Rent expense	304,863	221,104
Loss on disposal of property, plant and equipment	262,537	-
Advertising and promotion	196,853	114,574
Office supplies	132,783	77,221
Dues and subscriptions	82,804	44,912
Janitorial expense	79,789	72,943
Entertainment	77,186	67,206
Utilities	71,855	44,043
Interest and penalties	52,385	72,716
Postage and delivery	50,523	55,684
Business licenses and permits	50,314	55,667
Foreign exchange loss	50,242	-
Travel expense	42,466	57,224
Bank service charges	38,528	30,718
Telephone expense	34,194	40,124
Training	31,823	23,571
Charitable contributions	14,203	20,374
Repairs and maintenance	13,561	6,733
Subsistence	11,057	8,237
Withholding tax	2,876	5,735
Automobile expense	1,939	3,750
	$28,511,501	**$24,406,894**
Staff costs:		
Fixed salary	4,752,476	4,302,032
Commission based salary	1,284,301	2,423,159
Bonus	740,454	840,259
Allowances	568,800	565,698
NIS	376,848	388,703
Pension Contribution	153,875	130,275
Medical	6,240	5,500
	$7,882,994	**$8,655,626**
Number of Staff	**37**	**33**

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

	One to three months	Three to twelve months	One to five years	Over 5 years	Total
As at February 29, 2024					
Liabilities					
Funds held for clients	127,861,098	-	-	-	127,861,098
Borrowings	89,779	276,847	1,415,910	-	1,782,536
Lease liabilities	136,157	419,519	2,291,558	7,505,675	10,352,909
Accounts payable and accruals	940,072	-	-	-	940,072
Total liabilities	**$129,027,106**	**$696,366**	**$3,707,468**	**$7,505,675**	**$140,936,615**
As at February 28, 2023					
Liabilities					
Funds held for clients	130,265,077	-	-	-	130,265,077
Lease Liabilities	122,268	375,935	836,275	-	1,334,478
Accounts payable and accruals	567,967	-	-	-	567,967
Total liabilities	**$130,955,312**	**$375,935**	**$836,275**	**$-**	**$132,167,522**

b) 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.

13. Financial risk management (continued)

b) Credit risk (continued)

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

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
As at February 29, 2024				
Investments at amortised cost	15,378,763			15,378,763
Loan to related parties	5,662,099			5,662,099
Accounts receivable	355,196			355,196
Cash and cash equivalents	131,327,081			131,327,081
	$152,723,139	**$-**	**$-**	**$152,723,139**
As at February 28, 2023				
Investment at amortised cost	11,119,375	-	-	11,119,375
Loan to related parties	3,355,357	-	-	3,355,357
Accounts receivable	10,388	162,147	-	172,535
Cash and cash equivalents	136,169,801	-	-	136,169,801
	$150,654,921	**$162,147**	**$-**	**$150,817,068**

c) 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.

	Up to one year	One to five years	Over five years	No stated maturity	Total
As at February 29, 2024					
Assets					
Investments at amortised cost	15,370,237	8,526	-	-	**15,378,763**
Loan to related party	21,135	-	-	5,640,964	**5,662,099**
Accounts receivable	355,196	-	-	-	**355,196**
Cash and cash equivalents	131,327,081	-	-	-	**131,327,081**
Total assets	**$147,073,649**	**$-**	**$-**	**$**	**$152,723,139**
As at February 28, 2023					
Assets					
Investment at amortised cost	10,835,580	283,795			11,119,375
Loan to related party	-	-	-	3,355,357	3,355,357
Accounts receivable	172,535	-	-	-	172,535
Cash and cash equivalents	136,169,801	-	-	-	136,169,801
Total assets	**$147,177,916**	**$283,795**	**$-**	**$3,355,357**	**$150,817,068**

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.

13. Financial risk management (continued)

c) Market risk (continued)

i) Interest rate risk (continued)

Change in interest rate:	Effect on Shareholders' Equity 2024	Effect on Shareholders' Equity 2023
+1%	1,527,231	1,508,171
-1%	(1,527,231)	(1,508,171)

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, accounts receivables, funds held for clients and accounts payables that are denominated in United States Dollar. The Company has the following significant currency positions.

	TT	US	Other	Total
As at February 29, 2024				
Assets				
Investment at amortised cost	8,526	15,370,237	-	15,378,763
Loan to related parties	5,662,099	-	-	5,662,099
Accounts receivable	335,689	22,384	(2,877)	355,196
Cash and cash equivalents	109,775,163	19,262,614	2,289,304	131,327,081
	115,781,477	**34,655,235**	**2,286,427**	**152,723,139**
Liabilities				
Funds held for clients	109,192,582	17,125,642	1,542,874	127,861,098
Borrowings	1,782,536			1,782,536
Accounts payable	10,352,909	-	-	10,352,909
Lease liabilities	921,486	17,350	1,236	940,072
	122,249,513	**17,142,992**	**1,544,110**	**140,936,615**
Net currency gap	**$(6,468,036)**	**$17,512,243**	**$742,317**	**$11,786,524**
Effect on profit of 1% change in exchange rates		**$175,122**	**$7,423**	**$182,546**
As at February 28, 2023				
Assets				
Investment at amortised cost	8,526	11,110,849	-	11,119,375
Loan to related parties	3,355,357	-	-	3,355,357
Accounts receivable	179,716	(3,160)	(4,021)	172,535
Cash and cash equivalents	104,890,721	30,998,888	280,192	136,169,801
	108,434,320	**42,106,577**	**276,171**	**150,817,068**
Liabilities				
Funds held for clients	104,945,165	25,114,273	205,639	130,265,077
Accounts payable	565,643	1,112	1,212	567,967
Lease liabilities	1,334,478	-	-	1,334,478
	106,845,286	**25,115,385**	**206,851**	**132,167,522**
Net currency gap	**$1,589,034**	**$16,991,192**	**$69,320**	**$18,649,546**
Effect on profit of 1% change in exchange rates		**$169,912**	**$693**	**$186,495**

13. Financial risk management (continued)

d) Capital management (continued)

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 borrowing.

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.

14. Related party transactions and balances

A number of transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and conditions.

	2024	2023
Key management compensation	$2,515,386	$2,509,488
Due from related parties		
Loans to related parties	$5,662,099	$3,355,357
Receivable from subsidiary	$73,038	$99,740
Receivable from other related parties	$970	$2,000
Due to related parties		
Payable to other related parties	$273,575	$133,602
Transactions with related parties		
Commissions paid to related parties	$11,580,425	$9,164,867
Income earned from subsidiary	$1,676,628	$595,000
Recharges for services provided to subsidiary	$150,173	$110,186
Expenses recharged from subsidiary	$216,350	$179,150
Staff reimbursements	$7,682	$5,994
Directors fees	$25,000	$15,000

Receivable from other related parties is included in the accounts receivable and prepayments balance. Payable to other related parties is included in accounts payable and accruals.

Loan to related parties represent interest-free loans to the Company's subsidiaries. There is no stated maturity date on these loans.

15. Contingencies

On January 4, 2012, the Company entered into an agreement with Pershing LLC, a subsidiary of The Bank of New York Mellon, to provide trading and other auxiliary services in the global financial markets on a fully disclosed basis. This agreement requires the Company to guarantee minimum revenue to Pershing of US$50,000 per calendar quarter. During the financial year ended February 29, 2024, the Company met its minimum obligation.

16. Fiduciary activities

The Company provides custody, trustee and investment management services to third parties. All related assets are held in a fiduciary capacity and are not included in these unconsolidated financial statements as they are not the assets of the Company. These assets under administration as at February 29, 2024 totalled $7,226,184,198 (2023: $6,286,321,296).

18. Subsequent events

Management evaluated all events that occurred from March 1, 2024, through May 24, 2024, the date the unconsolidated financial statements were available to be issued. During the period, the Company did not have any subsequent events requiring recognition or disclosure in the unconsolidated financial statements.