NCB Global Finance Limited

Financial Statements

30 September 2018

(Expressed in Trinidad and Tobago Dollars)

Contents

NCB Global Finance Limited

Statement of Management's Responsibilities

The Financial Institutions Act, 2008 (The Act), requires that management prepare and acknowledge responsibility for the following:

- Preparing and fairly presenting the accompanying financial statements of NCB Global Finance Limited (the Company) which comprise the statement of financial position as at 30 September 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

Angus P. Young

Chief Executive Officer
6 December 2018

Finance Manager
6 December 2018

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Independent Auditor's Report

To the shareholder of NCB Global Finance Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of NCB Global Finance Limited (the Company) as at 30 September 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:
- the statement of financial position as at 30 September 2018;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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 International Financial Reporting Standards, 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.

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Independent Auditor's Report (Continued)

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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.

PricewaterhouseCoopers

6 December 2018
Port of Spain
Trinidad, West Indies

NCB Global Finance Limited

Income Statement

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 September 2018 $	2017 $
Operating income			
Interest income		14,190,578	13,031,819
Interest expense		(5,698,984)	(5,040,432)
Net interest income	4	8,491,594	7,991,387
Fee and commission income	5	2,724,892	3,815,524
Net gain on foreign currency and investment activities	6	13,174,706	12,213,750
Dividend income		46,687	35,960
Other operating income		282,890	48,347
		13,504,283	12,298,057
		24,720,769	24,104,968
Operating expenses			
Staff costs	7	6,883,168	7,594,424
Net recoveries on credit losses	15	(85,990)	(661,210)
Depreciation, amortisation and adjustments		1,240,908	723,273
Other operating expenses	8	5,631,436	4,796,198
		13,669,522	12,452,685
Operating profit before taxation		11,051,247	11,652,283
Taxation	9	4,753,228	2,700,595
Net profit after taxation		15,804,475	14,352,878

The notes on pages 9 to 48 are an integral part of these financial statements.

NCB Global Finance Limited

Statement of Comprehensive Income
(Expressed in Trinidad and Tobago Dollars)

	Year ended 30 September 2018 $	2017 $
Net profit after taxation	15,804,475	14,352,878
Other comprehensive (loss)/income, net of tax		
Items that may be reclassified subsequently to profit or loss		
Unrealised (losses)/gains on available-for-sale investments	(229,762)	682,279
Total comprehensive income	15,574,713	15,035,157

The notes on pages 9 to 48 are an integral part of these financial statements.

NCB Global Finance Limited

Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 30 September 2018 $	2017 $
Assets			
Cash in hand and balances at Central Bank	10	41,527,455	21,022,747
Due from other banks		81,027,528	76,301,855
Investment securities at fair value through profit or loss	11	6,024,821	6,119,982
Investment securities classified as available-for-sale	12	81,677,022	42,953,391
Pledged assets	13	7,697,005	--
Reverse repurchase agreements	14	--	14,293,336
Loans and advances, net of provisions for credit losses	15	143,512,055	170,637,096
Intangible assets	16	3,161,797	3,629,592
Property, plant and equipment	17	391,983	618,242
Deferred income tax asset	18	12,288,343	7,122,406
Other assets	19	6,074,396	7,914,696
Total assets		383,382,405	350,613,343
Liabilities			
Customer deposits	20	278,808,976	268,532,077
Repurchase agreements	21	6,794,034	--
Deferred income tax liability	18	--	74,540
Other liabilities	22	15,026,727	14,828,771
Total liabilities		300,629,737	283,435,388
Equity			
Share capital	23	82,921,789	82,921,789
Fair value reserve	24	(54,070)	175,692
Statutory reserve fund	25	8,659,087	7,078,640
Retained deficit		(8,774,138)	(22,998,166)
Total equity		82,752,668	67,177,955
Total equity and liabilities		383,382,405	350,613,343

The notes on pages 9 to 48 are an integral part of these financial statements.

Approved for issue by the Board of Directors on 6 December 2018 and signed on its behalf by:

Angus P. Young ____________________ Director   ____________________ Director

NCB Global Finance Limited

Statement of Changes in Equity
(Expressed in Trinidad and Tobago Dollars)

	Share capital $	Fair value reserve $	Statutory reserve fund $	Retained deficit $	Total $
Balance at 1 October 2017	82,921,789	175,692	7,078,640	(22,998,166)	67,177,955
Total comprehensive (loss)/ income	--	(229,762)	--	15,804,475	15,574,713
Transfer to statutory reserve fund	--	--	1,580,447	(1,580,447)	--
Balance at 30 September 2018	82,921,789	(54,070)	8,659,087	(8,774,138)	82,752,668
Balance at 1 October 2016	82,921,789	(506,587)	5,643,352	(35,915,756)	52,142,798
Total comprehensive income	--	682,279	--	14,352,878	15,035,157
Transfer to statutory reserve fund	--	--	1,435,288	(1,435,288)	--
Balance at 30 September 2017	82,921,789	175,692	7,078,640	(22,998,166)	67,177,955

The notes on pages 9 to 48 are an integral part of these financial statements.

NCB Global Finance Limited

Statement of Cash Flows
(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 September 2018 $	2017 $
Cash flows from operating activities			
Net profit after taxation		15,804,475	14,352,878
Adjustments to reconcile net profit to net cash provided by operating activities	26	41,620,953	36,075,777
Net cash provided by operating activities		57,425,428	50,428,655
Cash flows from investing activities			
Acquisition of property, plant and equipment	17	(14,485)	(38,885)
Acquisition of intangible asset - computer software	16	(532,369)	(4,030,235)
Purchases of investment securities		(66,952,367)	(91,073,721)
Proceeds from sales/maturities of investment securities		21,010,838	98,275,679
Net cash (used in)/provided by investing activities		(46,488,383)	3,123,838
Net increase in cash and cash equivalents		10,937,045	53,561,493
Cash and cash equivalents at beginning of period		111,617,938	58,056,445
Cash and cash equivalents at end of period		122,554,983	111,617,938
Comprising:			
Cash in hand and balances at Central Bank	10	41,527,455	21,022,747
Due from other banks		81,027,528	76,301,855
Reverse repurchase agreements		--	14,293,336
		122,554,983	111,617,938

The notes on pages 9 to 48 are an integral part of these financial statements.

1 Incorporation and business activities

NCB Global Finance Limited (formerly AIC Finance Limited) (the "Company") was incorporated in the Republic of Trinidad and Tobago on 5 November 1982, and commenced operations in January 1983. Effective 11 August 1993, the Company was licensed under the Financial Institutions Act 1993 as a financial institution. On 26 August 2003, the Company's application for a merchant bank's licence was approved by the Central Bank of Trinidad and Tobago (CBTT), thereby authorising the Company to conduct the additional activity of foreign exchange dealing.

On 13 December 2013, NCB Capital Markets Limited (the "Parent") acquired 100% of the shareholding of AIC Finance Limited from AIC Financial Group Limited (AICFG). NCB Capital Markets Limited is a 100% owned subsidiary of National Commercial Bank Jamaica Limited ("the Bank") which is incorporated in Jamaica and is a 59.99% subsidiary of AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc. incorporated in Canada and controlled by Hon.Michael A.Lee-Chin,OJ,Chairman of the Bank.

Shares in NCB Financial Group Limited (parent company of the Bank) are listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

As part of the sale agreement, AIC Finance Limited transferred its 43% shareholding in AIC Securities Limited to AIC Financial Group Limited on 12 December 2013.

NCB Global Finance Limited is authorised to carry on the following classes of business: finance company, confirming house/acceptance house, leasing corporation, mortgage institution, merchant bank, trust company, unit trust and financial services.

In January 2016, the Company was issued a Broker-Dealer license from the Trinidad and Tobago Securities and Exchange Commission which allows the Company to conduct the following activities: (1) Broker-Dealer as agent; (2) Broker-Dealer as principal; (3) Investment adviser and (4) Underwriter.

In July 2018, the CBTT granted approval for the Company to be included in the group of Second Tier Primary Dealers.This allows the Company to participate in up to 50% of the Open Market Operations (OMO) auctions staged by the CBTT in its efforts to manage liquidity in the Banking system.

The Company's registered office is located at 68 Ariapita Avenue, Woodbrook, Trinidad and Tobago.

2 Summary of 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.

a. *Basis of preparation*

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements have been prepared under the historical cost convention, as modified for the revaluation of available-for-sale financial assets and financial assets held at fair value through profit or loss.

The Company has prepared these financial statements to file with The Central Bank of Trinidad and Tobago in accordance with The Financial Institutions Act, 2008.

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 3.

2 **Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(i) *New and amended standards adopted by the Company*

The following new standards, interpretations and amendments were adopted for the financial year beginning 1 October 2017:

- Amendments to IAS 12, ,'Income taxes' on Recognition of deferred tax assets for unrealised losses (effective 1 January 2017)
- IAS 7, Statement of cash flows on disclosure initiative (effective 1 January 2017)

The Company has assessed the above amendments and concluded that there was no material impact on these financial statements.

(ii) *New standards, amendments and interpretations not yet 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:

- IFRS 9, 'Financial instruments' – (effective 1 January 2018)

  IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL). Classification of debt instruments under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. All equity instruments are measured at fair value under IFRS 9. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

  IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12- month ECL. The model includes operational simplifications for lease and trade receivables. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces a new impairment model for financial assets.

2 **Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(ii) *New standards, amendments and interpretations not yet adopted (continued)*

- *IFRS 9, 'Financial instruments' – (effective 1 January 2018) (continued)*

The Company has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 October 2018:

Classification and measurement

Debt instruments

The standard introduces new requirements to determine the measurement basis of financial assets, involving the cash flow characteristics of assets and the business models under which they are managed.

Based on these conditions for classification, the company has concluded that:

(a) The debt instruments currently classified as available for sale will be classified as measured at FVOCI.
(b) Debt instruments which are currently classified as loans and receivables will be classified as measured at amortised cost.

Equity instruments

The Company currently classifies all of its equity instruments as held for trading and with the adoption of IFRS 9, the Company will measure all equity instruments at FVPL.

Financial liabilities

There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules are unchanged from IAS 39 Financial Instruments: Recognition and Measurement.

Impairment

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than incurred credit losses as required under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, lease receivables and loan commitments. Impairment provisions will not apply to financial assets classified as FVPL.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the company's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The Company will apply the new rules retrospectively from 1 October 2018, with the practical expedients permitted under the standard. Comparatives for 2018 will not be restated.

The adoption of IFRS 9 is a significant initiative for the Company supported by a formal governance framework and a robust implementation plan. An Executive Steering Committee was formed with joint leadership from Finance and Risk and with representation from all key functional areas.

2 Summary of significant accounting policies (continued)

a. *Basis of preparation (continued)*

(ii) *New standards, amendments and interpretations not yet adopted (continued)*

- *IFRS 9, 'Financial instruments' – (effective 1 January 2018) (continued)*

A communication plan including progress reporting protocols was established with regular updates provided to the Executive Steering Committee on key decisions. IFRS 9 overview sessions were held at various levels including the Audit Committee.
The key responsibilities of the project included defining an IFRS 9 risk methodology and accounting policy, identifying data and system requirements, and developing an appropriate operating model and governance framework. Controls surrounding IFRS 9 processes continue to be developed and refined.

The adoption of IFRS 9 will have a significant impact on the Company's impairment methodology. The measurement of ECL's reflect an unbiased and probability-weighted amount that is determined by considering multiple scenarios based on reasonable and supportable forecasts. Under current guidance, the impairment loss represents the best estimate of losses considering 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.

IFRS 9 considers the calculation of ECL by multiplying the Probabilities of defaults (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

IFRS 9 impairment model uses a three stage approach based on the extent of credit deterioration since origination:

Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk (SICR) since origination and are not credit impaired. The ECL will be computed using the respective probabilities of default occurring over the next 12 months. For those assets with a remaining maturity of less than 12 months, a PD is used that corresponds to remaining maturity. This Stage 1 approach is different from the current approach which estimates a collective allowance to recognize losses that have been incurred but not reported on performing loans.

Stage 2 – When a financial asset experiences a SICR subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on probabilities of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – Financial assets that have objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will capture the lifetime ECL.

2 **Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(ii) *New standards, amendments and interpretations not yet adopted (continued)*

- *IFRS 9, 'Financial instruments' – (effective 1 January 2018) (continued)*

  Some of the key concepts in IFRS 9 that have the most significant impact and require a high level of judgement are:

  Assessment of Significant Increase in Credit Risk

  The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Company compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at initial recognition, using risk indicators that are used in the Company's existing risk management framework. At each reporting date, the assessment of a change in credit risk will be individually assessed for those exposures that are considered individually significant and at the segment/product level for retail and other homogenous exposure types. This assessment is symmetrical in nature, allowing credit risk of financial assets to move back to Stage 1 if the increase in credit risk since origination has reduced and is no longer deemed to be significant.

  Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios

  IFRS 9 requires an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and FLI are required to be incorporated into the measurement of ECL. The ECL at each reporting period should reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company will use three scenarios that will be probability weighted to determine ECL.

  Expected Life

  When measuring ECL, the Company considers the maximum contractual period over which the Company is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options. The expected life is estimated based on the period over which the Company is exposed to credit risk and where the credit losses would not be mitigated by management actions.

  Definition of Default and Write-off

  The Company's definition of impaired financial instruments (Stage 3) is unchanged. The Company does not expect to rebut the presumption in IFRS 9 that loans which are 90 days past due are in default. The policy on the write-off of loans remains unchanged.

2 **Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(ii) *New standards, amendments and interpretations not yet adopted (continued)*

- *IFRS 9, 'Financial instruments' – (effective 1 January 2018) (continued)*

  Regulatory impact

  The application of IFRS 9 has no significant impact on regulatory capital due to the fact that the Company maintains adequate regulatory capital sufficient to absorb the impact of the adoption.The estimated impact relates primarily to the implementation of the ECL requirements. The Company continues to revise, refine and validate the impairment models and related process controls leading up to the 30 September 2019 reporting.

- IFRS 7 'Financial Instruments: Disclosures' - (effective 1 January 2018)
  Amended to require disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

- IFRS 15, 'Revenue from Contracts with Customers – (effective 1 January 2017)
  The standard contains principles that an entity will apply to determine the amount and timing of revenue. The underlying principle is for an entity to recognise revenue as it transfers goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. Entities will apply a five-step approach in determining the recognition of revenue.The company does not expect any significant impact on the financial statements arising from future adoption of the standard.

- IFRIC 22 Foreign currency transactions - (effective 1 January 2018)
  This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The company does not expect any significant impact on the financial statements arising from future adoption of the interpretation.

- IFRS 16, Leases – (effective 1 January 2019)
  Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

  For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The company does not expect any significant impact on the financial statements arising from future adoption of the standard.

2 **Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(ii) *New standards, amendments and interpretations not yet adopted (continued)*

- IFRIC 23, "uncertainty over income tax treatments" (effective 1 January 2019) This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The company does not expect any significant impact on the financial statements arising from future adoption of the interpretation.

- Annual Improvements to IFRSs 2015-2017 cycle – Amendments to IAS 12 and IAS 23 (effective for annual periods beginning on or after 1 January 2019).

  The Company does not expect any significant impact on the financial statements arising from future adoption of these amendments.

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.

b. *Foreign currency translation*

(i) *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.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary items, such as equities held at fair value through the profit or loss are reported as part of the fair value gain or loss.

2 **Summary of significant accounting policies (continued)**

c. *Cash and cash equivalents*

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition including cash in hand, deposits held at call with banks and other short term highly liquid investments.

d. *Financial assets*

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. Management determines the classification of its financial instruments based on the purpose for which they were acquired at initial recognition.

(i) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets classified as held-for-trading and financial assets designated at fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Financial assets held for trading consist of debt instruments, including money-market paper, traded corporate and bank loans and equity instruments as well as financial assets with embedded derivatives.

Financial instruments included in this category are recognised initially at fair value. Gains and losses arising from changes in the fair value are included directly in the income statement and are reported in "Gain on foreign currency and investment activities ". Interest income and expenses and dividend income and expenses on financial assets held for trading are included in "interest income" and "dividend and other income" respectively. The instruments are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership and the transfer qualifies for de-recognition.

The Company designated certain financial assets upon initial recognition as at fair value through profit or loss. This designation cannot subsequently be changed. According to IAS 39, the fair value option is only applied when the following conditions are met:

- The application of the fair value option reduces or eliminates accounting mismatch that would otherwise arise or
- The financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or
- The financial assets consist of debt host and an embedded derivative that must be separated.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans to customers are initially recognised at fair value, which is the cash consideration to originate the loan including any transaction costs, and measured subsequently at amortised cost using the effective interest rate method. Interest on loans to customers is included in the income statement and is reported as "interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the income statement as "Net provisions/ (recoveries) on credit losses".

2 **Summary of significant accounting policies (continued)**

d. *Financial assets (continued)*

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is recognised in the profit or loss. However, interest is calculated using the effective interest method and is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in income statement when the Company's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted financial assets), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

(iv) *Recognition*

The Company uses trade-date accounting for regular way contracts when recording financial asset transactions.

e. *Assets leased to customers under finance leases*

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable and is reported on the statement of financial position in "Loans and advances, net provisions for credit losses". The difference between the gross and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using net investment method before tax, which reflects a constant periodic rate of return.

f. *Impairment of financial assets*

(i) *Financial assets carried at amortised cost*

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2 **Summary of significant accounting policies (continued)**

f. *Impairment of financial assets (continued)*

(i) *Financial assets carried at amortised cost (continued)*

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as default or delinquency in payments;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial re-organisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of individual assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of issuers or debtors in the group; or- national or local economic conditions that correlate with defaults on assets in the group.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses it for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped together on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

When a loan is uncollectible, it is written off against the related provision for impairment loss. Such financial assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If in the subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement in net provision/(recoveries) on credit losses.

2 **Summary of significant accounting policies (continued)**

f. *Impairment of financial assets (continued)*

(ii) *Financial assets carried at fair value*

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets carried at fair value is impaired if its carrying amount is greater than its estimated recoverable amount based on the present value of expected future cash flows discounted at the current market rate of interest. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in other comprehensive income is removed and is recognised in the statement of comprehensive income. If in a subsequent period, the fair value of a financial asset classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

(iii) *Renegotiated loans*

Where possible, the Company seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

g. *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where 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.

h. *Property, plant and equipment*

Property, plant 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 de-recognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The expected useful life of the assets are as follows:

Furniture, equipment and motor vehicles - 5 years

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 net trading gain/loss in the income statement.

2 **Summary of significant accounting policies (continued)**

i. *Intangible asset*

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis at annual rates that will write off the carrying value of the asset over its expected useful life. The expected useful life for computer software is 3-5 years.

j. *Borrowings*

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

k. *Repurchase agreements*

Securities sold under agreements to repurchase are treated as collateralised financing transactions.The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective yield method.

l. *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.

m. *Reverse repurchase agreements*

Securities purchased subject to repurchase agreements ('repos') are included in the financial statements under Reverse Repurchase Agreements. The difference between the purchase price and the repurchase price is treated as interest and accrued over the life of the agreement using the effective interest method.

n. *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 obligation and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses. 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 obligation 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 **Summary of significant accounting policies (continued)**

o. *Income tax*

(i) *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 (for example, current tax on unrealised gains on available-for-sale investment).

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation.

(ii) *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 substantively 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 in the foreseeable future against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited to other comprehensive income or equity, in which case, deferred tax is also dealt with in other comprehensive income or equity.

p. *Interest income and expenses*

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or where appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2 Summary of significant accounting policies (continued)

q. *Fees and commissions*

Arrangement fees

Commission and fees arising from negotiating, or participating in the negotiation of a transaction for a third party – such as the acquisition of loans, shares of other financial assets or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised over the period the service is provided.

Origination fees

Fees relating to the creation or acquisition of a financial asset other than under IAS 39 classified as a financial asset 'at fair value through profit or loss' are amortised over the expected life of the instrument using the effective interest rate method.

r. *Dividend income*

Dividends are recognised in the income statement in "dividend and other income" when the Company's right to receive payment is established.

3 Critical accounting estimates and judgements

The Company's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgements, which necessarily have to be made in the course of preparation of the financial statements.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and assumptions are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and management's judgements for certain items are especially critical for the Company's results and financial situation due to their materiality.

a. *Income and deferred income taxes*

Significant judgement is required in determining the provision for income taxes and deferred income taxes. There are many 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.

The Company recognises deferred tax assets on temporary differences from accelerated tax depreciation, revaluation of financial assets and losses carried forward to the extent that there are probable future taxable profits in the foreseeable future in which the temporary differences can be utilised.

b. *Impairment losses on loans and advances*

The Company reviews its loan portfolio to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a company, or national or local economic conditions that correlate with defaults on assets in the company.

3 Critical accounting estimates and judgements (continued)

b. *Impairment losses on loans and advances (continued)*

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

c. *Fair value of financial assets*

The fair value of financial assets where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated using models. These models are validated and periodically reviewed by independent qualified personnel.

4 Net interest income

	2018 $	2017 $
Interest income		
Loans and advances	10,309,088	9,810,628
Investment securities		
- Available-for-sale	3,552,616	2,925,745
- Fair value through profit or loss	279,000	279,000
Deposits and other	35,877	16,442
Reverse repurchase agreements	13,997	4
	14,190,578	13,031,819
Interest expense		
Customer deposits	(5,657,895)	(5,040,432)
Repurchase agreements	(41,089)	--
	(5,698,984)	(5,040,432)
Net interest income	8,491,594	7,991,387

5 Fee and commission income

	2018 $	2017 $
Loan commitment fees	341,613	255,233
Registrar, trustee and paying agent fees	114,969	136,351
Arrangement fees	2,226,668	3,110,756
Other fees	41,642	313,184
	2,724,892	3,815,524

6 Net gains/(losses) on foreign currency and investment activities

	2018 $	2017 $
Net foreign exchange gains	13,141,629	11,231,899
Gains on investment securities:		
- Realised gain on debt securities	69,439	893,655
- Unrealised loss on debt securities	(84,331)	(64,666)
- Unrealised gain on equity securities	47,969	152,862
	13,174,706	12,213,750

Net foreign exchange gains include gains and losses arising from translation of assets and liabilities denominated in foreign currencies as well as those arising from foreign currency dealing activities.

7 Staff costs

	2018 $	2017 $
Wages, salaries, allowances and benefits	6,647,428	7,384,351
Payroll taxes	235,740	210,073
	6,883,168	7,594,424

8 Other operating expenses

	2018 $	2017 $
Auditor's remuneration	384,260	497,749
Insurance	455,450	257,204
Irrecoverable value added tax	260,100	259,036
License and transaction processing fees	396,054	363,663
Marketing, advertising and donations	227,628	166,872
Property lease rental	1,509,354	1,372,140
Property maintenance and utilities	485,676	338,803
Stationery	12,936	16,029
Technical, consultancy and professional fees	439,380	352,714
Travelling, courier and telecommunication	511,698	335,292
Service Level Agreement (IT Support)	525,958	525,288
Loans directly written off	90,944	--
Other expenses	331,998	311,408
	5,631,436	4,796,198

9 Taxation

	2018 $	2017 $
Business levy and green fund levy	383,960	396,674
Deferred tax (Note 18)	(5,137,188)	(3,097,269)
	(4,753,228)	(2,700,595)

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

	2018 $	2017 $
Profit before taxation	11,051,247	11,652,283
Tax calculated at a tax rate of 30% / 25%	3,265,374	3,445,685
Income not subject to tax or in respect of which tax has been remitted	(17,381)	(90,139)
Expenses not deductible for tax purposes	525,616	238,114
Previously unrecognised tax losses recognised (Note 18)	(5,137,188)	(3,097,269)
Previously unrecognised tax losses utilised	(3,389,649)	(3,196,986)
	(4,753,228)	(2,700,595)

10 Cash in hand and balances at Central Bank of Trinidad and Tobago

	2018 $	2017 $
Statutory deposit with Central Bank of Trinidad and Tobago	41,503,160	20,997,630
Cash in hand	24,295	25,117
	41,527,455	21,022,747

The Statutory Deposit is made up of $21,503,160 (2017: $20,997,630) which represents the required ratio of prescribed liabilities to be maintained with the Central Bank of Trinidad and Tobago and $20,000,000 which represents funds deposited to facilitate Open Market Operations (OMO) trading. The reserve account is non-interest bearing and is not available for investment, lending or other use by the Company.

11 Investment securities at fair value through profit or loss

	2018 $	2017 $
Government of Trinidad and Tobago debt securities	4,523,256	4,666,714
Quoted equity securities	1,362,708	1,313,573
Unquoted equity securities	126,578	130,584
	6,012,542	6,110,871
Allowance for impairment	(100,085)	(103,253)
	5,912,457	6,007,618
Interest receivable	112,364	112,364
	6,024,821	6,119,982
Allowance for impairment		
Balance at beginning of year	(103,253)	(103,356)
Decrease in impairment allowance	3,168	103
Balance at the end of year	(100,085)	(103,253)
Current	4,635,620	--
Non-current	1,389,201	6,119,982
Total	6,024,821	6,119,982

12 Investment securities classified as available-for-sale

	2018 $	2017 $
Debt securities		
Government of Trinidad and Tobago	11,026,940	12,246,742
Corporate bonds	77,245,208	30,307,092
	88,272,148	42,553,834
Interest receivable	1,101,879	399,557
Total	89,374,027	42,953,391
Less: Pledged Assets (Note 13)	(7,697,005)	--
	81,677,022	42,953,391

12 Investment securities classified as available-for-sale (continued)

	2018 $	2017 $
Current	--	--
Non-current	81,677,022	42,953,391
Total	81,677,022	42,953,391

13 Pledged assets

Investment securities classified as available-for-sale pledged as collateral for:

	2018 $	2017 $
Repurchase agreements	7,697,005	--

14 Reverse repurchase agreement

The Company entered into a collateralised reverse repurchase agreement which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations.The repurchase agreement had an original maturity date of less that 30 days and was backed by government debt securities.

15 Loans and advances

	2018 $	2017 $
Instalment loans	93,613,468	116,001,909
Finance leases	27,068,749	21,022,770
Mortgage loans	23,110,132	19,780,053
Trade financing	--	14,000,000
	143,792,349	170,804,732
Provision for credit losses	(1,014,870)	(1,052,310)
	142,777,479	169,752,422
Interest receivable	734,576	884,674
	143,512,055	170,637,096
Current	24,881,596	44,494,633
Non-current	118,630,459	126,142,463
	143,512,055	170,637,096
Present value of mimimum lease payments		
Gross investment in leases	30,606,412	23,462,224
Future finance charges	(3,537,663)	(2,439,454)
Present value of minimum lease payments	27,068,749	21,022,770
Finance leases		
Not later than 1 year	1,960,894	1,502,886
Later than 1 year and not later than 5 years	25,107,855	19,519,884
Net investment in finance leases	27,068,749	21,022,770

15 Loans and advances (continued)

The movement in the provision for credit losses is as follows:

	2018 $	2017 $
Balance at beginning of year	1,052,310	1,494,335
Decrease in provision during the year	(37,440)	(442,025)
Balance at end of year	1,014,870	1,052,310
Specific provision	885,642	855,360
General provision	129,228	196,950
	1,014,870	1,052,310

During the year, the following gains were recognised in profit or loss in relation to impaired loans:

	2018 $	2017 $
Recoveries of loans previously written off	48,550	219,185
Recoveries of loans provided for	--	323,421
Decrease in provision during the year	37,440	118,604
	85,990	661,210

16 Intangible assets

	Computer software	
	2018 $	2017 $
Net book value at beginning of year	3,629,592	84,604
Additions	532,369	4,030,235
Amortisation charge	(1,000,164)	(485,247)
Net book value at end of year	3,161,797	3,629,592
Cost	6,008,209	5,475,840
Accumulated amortisation	(2,846,412)	(1,846,248)
Net book value	3,161,797	3,629,592

The intangible asset is being amortised using the straight line method. The remaining amortization period for intangible assets is 4-5 years.

17 Property, plant and equipment

	Furniture, equipment and motor vehicles $
Cost	
At 1 October 2016	2,999,060
Additions	38,885
At 30 September 2017	3,037,945
Additions	14,485
At 30 September 2018	3,052,430
Accumulated depreciation	
At 1 October 2016	2,181,677
Charge for the year	238,026
At 30 September 2017	2,419,703
Charge for the year	240,744
At 30 September 2018	2,660,447
Net book value	
30 September 2017	618,242
30 September 2018	391,983

18 Deferred income tax

	2018 $	2017 $
Net deferred tax asset at beginning of year	(7,047,866)	(4,194,000)
Deferred tax credited in the income statement (Note 9)	(5,137,188)	(3,097,269)
Deferred tax (credited)/charged to other comprehensive income	(103,289)	243,403
Net deferred tax asset at end of year	(12,288,343)	(7,047,866)
Deferred income tax assets:		
Tax losses	11,035,387	6,326,074
Accelerated depreciation	1,224,207	796,332
Fair value on investment securities- available-for-sale	28,749	--
	12,288,343	7,122,406
Deferred income tax liabilities:		
Fair value on investment securities- available-for-sale	--	(74,540)
Net deferred tax asset	(12,288,343)	(7,047,866)

The amounts shown in the statement of financial position include the following:

	2018 $	2017 $
Deferred tax assets to be recovered after more than 12 months	9,772,037	4,771,265

The amounts recognised in the income statement were due to:

	2018 $	2017 $
Accelerated tax depreciation	427,875	575,041
Tax losses	4,709,313	2,522,228
	5,137,188	3,097,269

The amount recognised in other comprehensive income was due to:

	2018 $	2017 $
Unrealised (losses)/gains on available-for-sale investments	(103,289)	243,403

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable in the foreseeable future. The Company has unutilised tax losses of $48,623,755 (2017: $60,823,770) to carry forward against future taxable profits. The losses can be carried forward indefinitely and have no expiry date. The losses were incurred prior to the acquisition by NCB Capital Markets Limited (the Parent) of 100% of the share capital of the Company in December 2013 and were due mainly to losses on disposal of financial assets. In May 2015 the BIR advised that they were satisfied that the change in ownership in December 2013 was not effected with a view to avoiding or reducing any liability to tax which is the key hurdle to overcome in utilising tax losses accumulated under different ownership.The tax assessment for income years 2015 and 2016 were received and they did not indicate any objection to the utilization of the losses.

The Company has concluded that based on its assessment of taxable profits it is forecasted to generate in the foreseeable future, a deferred tax asset up to $12,288,343 (2017: $7,047,866) should be recognised as at 30 September 2018. Due to the uncertain timing of recovery of the full amount of losses available, this assessment will be performed annually at the Company's financial reporting year end and adjustments will be made as appropriate.

19 Other assets

	2018 $	2017 $
Client balances	4,613,277	7,560,151
Vat recoverable	719,447	--
Prepayments	722,141	354,545
Intercompany receivables	19,531	--
	6,074,396	7,914,696

20 Customer deposits

Deposit balances	276,293,892	265,846,513
Accrued interest	2,515,084	2,685,564
	278,808,976	268,532,077

21 Repurchase agreements

The securities pledged for the repurchase agreement were two eurobonds with total market value plus accrued interest of $7,697,005 (TTD equivalent) as per note 13.The tenor of the agreement is 90 days.

22 Other liabilities

Accrued staff benefits	2,352,843	2,825,946
Client balances	11,503,963	9,656,217
Accrued other operating expenses	1,128,047	1,029,902
Intercompany payables	41,874	1,217,336
Other	--	99,370
	15,026,727	14,828,771

23 Share capital

Authorised		
An unlimited number of shares of no par value		
Issued and fully paid		
92,698,531 ordinary shares of no par value	82,921,789	82,921,789

24 Fair value reserve

Fair value reserve represents the unrealised gains/(losses) on available-for-sale investments and the respective deferred tax asset or liability.

25 Statutory reserve fund

The Financial Institutions Act, 2008 requires that a minimum of 10% of the profit for the year in each period be transferred to a statutory reserve account until the balance on this reserve is not less than the paid-up capital.

26 Adjustments to reconcile net profit to net cash provided by operating activities

	Notes	2018 $	2017 $
Depreciation of property, plant and equipment	17	240,744	238,026
Amortisation of intangible asset	16	1,000,164	485,247
Net provision on credit losses	15	(37,440)	(118,604)
Loss on write off on loans		90,944	--
Interest income		(14,190,578)	(13,031,819)
Interest expense		5,698,984	5,040,432
Income tax credit		(4,753,228)	(2,700,595)
Unrealised revaluation exchange gain on investments		(72,540)	(252,775)
Net gain on disposal of financial assets		(69,439)	(893,655)
Loss/(gain) on investment securities at fair value through profit or loss		36,362	(88,197)
Changes in operating assets and liabilities:			
Decrease/(increase) in loans to customers		27,012,383	(71,394,120)
Increase in customer deposits		10,447,379	107,073,722
Increase in repurchase agreements		6,792,731	--
Decrease/(increase) in other assets		1,840,300	(4,978,006)
Increase in other liabilities		197,956	7,862,135
		34,234,722	27,241,791
Interest received		13,638,353	12,559,979
Interest paid		(5,868,161)	(3,329,319)
Income taxes paid		(383,961)	(396,674)
Net cash provided by operating activities		41,620,953	36,075,777

27 Related party transactions

	The parent and entities with significant influence over the entity		Directors and key management personnel (and their families)	
	2018	2017	2018	2017
	$	$	$	$
Loans and advances				
Balance at 1 October	--	--	1,762,305	2,285,550
Issued during the year	--	--	300,000	186,686
Repayment during the year	--	--	(939,037)	(709,931)
Balance at 30 September	--	--	1,123,268	1,762,305
Interest income earned (loans)	--	--	80,154	46,060
Reverse repurchase agreements				
Balance at 1 October	14,293,336	--	--	--
Net movement during the year	(14,293,336)	14,293,336	--	--
Balance at 30 September	--	14,293,336	--	--
Other assets	15,238	--	--	--
Other liabilities	41,874	1,012,935	--	--
Interest income earned	35,877	4	--	--
Fee income earned	--	2,372,331	--	--
Repurchase agreement (Repo)	6,792,731	--	--	--
Interest expense on Repo	41,089	--	--	--
Other operating expenses	525,958	525,288	--	--

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties as none of the outstanding balances are considered impaired.

Key management compensation

	2018	2017
	$	$
Salaries and other short term benefits	4,923,015	4,334,750

28 Financial risk management

The Company's activities expose it to a variety of financial risks. These risks 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 minimise potential adverse effects on the Company's financial performance.

Risk limits and benchmarks are integral to the risk management process, as they characterise the Board's risk tolerance and also that of the Regulator. Limits are established for:

- Credit and Counterparty risk - exposures to individuals, group, counterparty, country
- Market risk - rate gap exposure, currency exposure, market value exposure
- Liquidity risk - liquidity gaps, funding exposures/liability diversification and liquid assets levels.

Limits and benchmarks are monitored on an ongoing basis and reported to the relevant governance committees.

Policies and procedures

Policies and operational procedures are established throughout the organisation and are approved by the relevant management personnel and/or governance committees.

These policies and procedures incorporate requirements for compliance monitoring, maintenance of contingency plans and the provision of reports to management and the relevant governance committees and/ or the Board of Directors.

a. *Credit risk*

Credit risk is the risk that a borrower or counter-party fails to meet contractual obligations, or to perform as agreed. This risk is managed through credit appraisal governed by adherence to credit risk policies in compliance with regulatory requirements. The major classes of credit facilities advanced are instalment loans, mortgage loans, finance leases and trade financing.

Authorisation limits are established for different credit facilities with approval levels for Group Risk Management Division, the Risk Management Committee and the Board.

Portfolio management is the key in managing the performance of the instalment loans, mortgage loans, finance leases and trade financing. In that regard, focus is on relationship management and monitoring of repayments to ensure that they are not only paid but paid in a timely manner. Having the relevant legal support in cases of default is also a critical component of ensuring early redress of the situation to minimise loss through default. In addition, particular attention is paid to ensuring the maintenance of collateral.

28 Financial risk management (continued)

a. *Credit risk (continued)*

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

Credit risk exposures relating to on balance sheet assets are as follows:

	2018 $	2017 $
Balances with Central Bank of Trinidad and Tobago	41,503,160	20,997,630
Due from other banks	81,027,528	76,301,855
Reverse repurchase agreements	--	14,293,336
Investment securities at fair value through profit or loss	4,635,620	4,779,078
Investment securities classified as available-for-sale	89,374,027	42,953,391
Loans and advances, net of provision for credit losses	143,512,055	170,637,096
	360,052,390	329,962,386

The credit quality of loans is summarised as follows:

	2018 $	2017 $
Neither past due nor impaired	129,404,360	153,872,527
Past due but not impaired	13,501,717	16,076,845
Impaired	886,272	855,360
	143,792,349	170,804,732
Less: provision for credit losses	(1,014,870)	(1,052,310)
Net	142,777,479	169,752,422

The ageing analysis of past due but not impaired loans was as follows:

	2018 $	2017 $
Less than 30 days	13,351,058	12,209,764
31 to 60 days	150,659	3,857,220
61 to 90 days	--	9,861
	13,501,717	16,076,845

Of the aggregate amount of gross past due but not impaired loans $20,341,317 was secured (2017: $17,549,168).

28 **Financial risk management (continued)**

a. *Credit risk (continued)*

Credit exposures

(i) *Loans*

The following table summarises the credit exposure to businesses and government by sector:

	2018 $	2017 $
Agriculture	72,617	269,685
Central government	42,490,882	88,661,639
Construction and land development	925,402	1,499,337
Other financial institutions	1,450,942	1,546,627
Distribution	33,177,938	17,213,024
Manufacturing	1,519,387	15,319,344
Personal	8,969,291	8,972,217
Professional and other services	51,527,271	33,499,736
Tourism	1,109,276	1,888,575
Transportation, storage and communication	2,549,343	1,934,548
	143,792,349	170,804,732

(ii) *Debt securities*

The following table summarises the Company's credit exposure for debt securities at their carrying amounts, as categorised by issuer:

Government of Trinidad and Tobago	15,550,196	16,913,456
Corporate	77,245,208	30,307,092
	92,795,404	47,220,548
Interest receivable	1,214,244	511,921
	94,009,648	47,732,469

28 Financial risk management (continued)

a. *Credit risk (continued)*

Credit exposures (continued)

(ii) *Debt securities (continued)*

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available).

External credit ratings (Standard and Poor's)

	2018 $	**2017** $
BBB+	11,026,940	12,246,742
BB	6,982,694	1,406,854
B+	13,796,316	--
Unrated	56,466,198	28,900,238
	88,272,148	42,553,834

Debt securities at fair value through profit or loss

BBB+	4,523,256	4,666,714

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 Company's Treasurer as follows:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers.
- 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.
- Use of Liquidity Gap analysis.

28 **Financial risk management (continued)**

b. *Liquidity risk (continued)*

The tables below present the contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the financial liabilities based on the remaining period.

As at 30 September 2018

	Within 1 month $	2 to 3 months $	4 to 12 months $	1 to 5 years $	Over 5 years $	Total $
Liabilities						
Customers deposits	5,197,579	71,779,897	176,435,820	29,526,688	--	282,939,984
Repurchase agreements	--	6,851,353	--	--	--	6,851,353
Payables and accruals	15,026,727	--	--	--	--	15,026,727
Total financial liabilities (contractual maturity dates)	20,224,306	78,631,250	176,435,820	29,526,688	--	304,818,064
Assets held for managing liquidity risk	125,158,427	4,523,256	--	35,340,882	52,931,266	217,953,831

As at 30 September 2017

	Within 1 month $	2 to 3 months $	4 to 12 months $	1 to 5 years $	Over 5 years $	Total $
Liabilities						
Customers deposits	6,018,379	23,456,446	210,362,350	33,482,876	--	273,320,051
Payables and accruals	14,828,771	--	--	--	--	14,828,771
Total financial liabilities (contractual maturity dates)	20,847,150	23,456,446	210,362,350	33,482,876	--	288,148,822
Assets held for managing liquidity risk	99,177,427	--	--	20,673,338	26,547,210	146,397,975

28 Financial risk management (continued)

c. *Market risk*

The Company takes on exposure to market risk, which is defined as the potential for loss arising from changes in the market value of the organisation's financial instruments due to changes in certain market variables, such as interest rates, foreign exchange rates, equity prices, market liquidity and credit spreads.

The Company incurs market risk primarily in treasury, trading and structural banking activities. The Company manages the risk in accordance with the Group's risk management framework. This includes:

- Oversight provided by the relevant governance committees.
- An independent market risk oversight function.
- Limit setting mechanisms and a monitoring process.

(i) *Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk occurs when the Company takes an open position in a currency. To control this exchange risk, the Company has approved limits for net open positions in each currency for both intra-day and overnight.

The Company also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to be settled. The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

28 **Financial risk management (continued)**

c. *Market risk (continued)*

(i) *Currency risk (continued)*

The tables below summarises the Company's TTD equivalent exposure to foreign currency exchange rate risk as at the date of the statement of financial position.

As at September 2018

	TTD	JMD	US$	CAN$	Other	Total
	$	$	$	$	$	$
Assets						
Cash and balances at Central Bank of Trinidad and Tobago	41,506,362	--	21,093	--	--	41,527,455
Due from other banks	68,414,425	--	10,496,338	2,116,454	311	81,027,528
Investment securities – fair value through profit or loss	5,131,163	26,492	867,166	--	--	6,024,821
Investment securities – available-for-sale	50,235,883	--	39,138,144	--	--	89,374,027
Loans and advances net of provision	113,433,425	--	30,078,630	--	--	143,512,055
Other assets	1,837,733	--	4,236,663	--	--	6,074,396
Total assets	280,558,991	26,492	84,838,034	2,116,454	311	367,540,282
Liabilities						
Customer deposits	244,674,337	--	34,134,639	--	--	278,808,976
Repurchase agreements	--	--	6,794,034	--		6,794,034
Other liabilities	7,877,139	20,081	5,028,083	2,101,424	--	15,026,727
Total liabilities	252,551,476	20,081	45,956,756	2,101,424	--	300,629,737
Net on-balance sheet position	28,007,515	6,411	38,881,278	15,030	311	66,910,545

28 Financial risk management (continued)

c *Market risk (continued)*

(i) *Currency risk (continued)*

As at September 2017

	TTD $	JMD $	US$ $	CAN$ $	Other $	Total $
Assets						
Cash and balances at Central Bank of Trinidad and Tobago	20,999,112	--	23,635	--	--	21,022,747
Due from other banks	64,191,817	--	11,653,642	456,323	73	76,301,855
Investment securities – fair value through profit or loss	5,257,434	27,331	835,217	--	--	6,119,982
Investment securities – available-for-sale	23,386,500	--	19,566,891	--	--	42,953,391
Reverse repurchase agreements	--	--	14,293,336	--	--	14,293,336
Loans and advances net of provision	149,736,939	--	20,900,157	--	--	170,637,096
Other assets	2,641,504	--	5,273,192	--	--	7,914,696
Total assets	266,213,306	27,331	72,546,070	456,323	73	339,243,103
Liabilities						
Customer deposits	236,518,431	--	32,013,646	--	--	268,532,077
Other liabilities	9,556,240	--	5,272,531	--	--	14,828,771
Total liabilities	246,074,671	--	37,286,177	--	--	283,360,848
Net on-balance sheet position	20,138,635	27,331	35,259,893	456,323	73	55,882,255

28 **Financial risk management (continued)**

c. *Market risk (continued)*

(i) *Currency risk (continued)*

Foreign currency sensitivity

The following table indicates the currencies to which the Company has significant exposures on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents the outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for changes in foreign currency rates. The sensitivity analysis includes loans and advances to customers, investment securities and deposits.

	% Change in currency rate 2018	Effect on net profit 2018 $	Effect on equity 2018 $	% Change in currency rate 2017	Effect on net profit 2017 $	Effect on equity 2017 $
Currency						
USD	4%	1,555,251	1,555,251	4%	1,410,396	1,410,396
USD	-10%	(3,888,128)	(3,888,128)	-10%	(3,525,989)	(3,525,989)

28 **Financial risk management (continued)**

c. *Market risk (continued)*

(ii) *Interest rate risk*

Interest rate risk arises when the Company's principal and interest cash flows from balance sheet items have mismatched re-pricing dates. The short-term impact is experienced on the Company's net interest income and long term impact is felt on its equity.

The Company incurs interest rate mismatches from its interest bearing assets and liabilities with the size of such exposure being heavily dependent on the direction and degree of interest rate movements in addition to the size and maturity structure of the mismatched position. The Company's policy requires that such mismatches are managed. Accordingly, a comprehensive system of limits and gap analysis is used to manage the Company's exposure.

28 **Financial risk management (continued)**

c. *Market risk (continued)*

(ii) *Interest rate risk (continued)*

As at 30 September 2018:

	Within 1 month $	2 to 3 months $	4 to 12 months $	1 to 5 years $	Over 5 years $	Non-interest bearing $	Total $
Assets							
Cash and balances at Central Bank of Trinidad and Tobago	--	--	--	--	--	41,527,455	41,527,455
Due from other banks	81,027,528	--	--	--	--	--	81,027,528
Investment securities fair value through profit or loss	--	4,523,256	--	--	--	1,501,565	6,024,821
Investment securities – available-for-sale	--	--	--	35,340,882	52,931,265	1,101,880	89,374,027
Loans and advances net of provision	8,848,062	6,792,727	12,199,593	78,589,185	36,500,984	581,504	143,512,055
Other asstes	--	--	--	--	--	6,074,396	6,074,396
Total assets	89,875,590	11,315,983	12,199,593	113,930,067	89,432,249	50,786,800	367,540,282
Liabilities							
Customers deposits	2,681,115	71,490,227	174,504,979	27,617,571	--	2,515,084	278,808,976
Repurchase agreements	--	6,794,034	--	--	--	--	6,794,034
Other liabilities	--	--	--	--	--	15,026,727	15,026,727
Total liabilities	2,681,115	78,284,261	174,504,979	27,617,571	--	17,541,811	300,629,737
On balance sheet interest sensitivity gap	87,194,475	(66,968,278)	(162,305,386)	86,312,496	89,432,249		
Cumulative interest sensitivity gap	87,194,475	20,226,197	(142,079,189)	(55,766,693)	33,665,556		

28 **Financial risk management (continued)**

c. *Market risk (continued)*

(ii) *Interest rate risk (continued)*

As at 30 September 2017:

	Within 1 month $	2 to 3 months $	4 to 12 months $	1 to 5 years $	Over 5 years $	Non-interest bearing $	Total $
Assets							
Cash and balances at Central Bank of Trinidad and Tobago	--	--	--	--	--	21,022,747	21,022,747
Due from other banks	76,301,855	--	--	--	--	--	76,301,855
Investment securities fair value through profit or loss	--	--	--	4,666,714	--	1,453,268	6,119,982
Investment securities – available-for-sale	--	--	--	16,006,624	26,547,210	399,557	42,953,391
Reverse repurchase agreement	14,293,336	--	--	--	--	--	14,293,336
Loans and advances net of provision	14,077,050	12,782,976	17,634,608	104,404,000	21,069,539	668,923	170,637,096
Other assets	--	--	--	--	--	7,914,696	7,914,696
Total assets	104,672,241	12,782,976	17,634,608	125,077,338	47,616,749	31,459,191	339,243,103
Liabilities							
Customers deposits	3,330,423	23,364,837	208,027,954	31,123,300	--	2,685,563	268,532,077
Other liabilities	--	--	--	--	--	14,828,771	14,828,771
Total liabilities	3,330,423	23,364,837	208,027,954	31,123,300	--	17,514,334	283,360,848
On balance sheet interest sensitivity gap	101,341,818	(10,581,861)	(190,393,346)	93,954,038	47,616,749		
Cumulative interest sensitivity gap	101,341,818	90,759,957	(99,633,389)	(5,679,351)	41,937,398		

28 Financial risk management (continued)

c. *Market risk (continued)*

(ii) *Interest rate risk (continued)*

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the income statement and stockholders' equity.

	Effect on net profit 2018 $	Effect on net equity 2018 $	Effect on net profit 2017 $	Effect on net equity 2017 $
Change in basis points				
-200 bps	(673,311)	(673,311)	(838,748)	(838,748)
+200 bps	673,311	673,311	838,748	838,748

(iii) *Other price risk*

The Company is exposed to equity securities price risk because of investments held classified as fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

	Effect on net profit 2018 $	Effect on net equity 2018 $	Effect on net profit 2017 $	Effect on net equity 2017 $
Percentage change in share price				
10% decrease	(138,920)	(138,920)	(131,357)	(131,357)
10% increase	138,920	138,920	131,357	131,357

28 **Financial risk management (continued)**

d. *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 maximise shareholder value.

The statutorily required capital is TT$15 million. 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 regulatory qualifying capital ratio for the Company is:

	2018 $'000	2017 $'000
Qualifying capital	82,882	67,375
Risk adjusted assets	158,332	135,032
Capital ratio	28.90%	31.63%

The licensed non-banking financial institutions in Trinidad and Tobago are required to maintain a qualifying capital ratio of total regulatory capital to risk-weighted assets of at least 8%. On 13 December 2013, the date of the acquisition of NCB Global Finance Limited by NCB Capital Markets Limited, the Central Bank of Trinidad and Tobago (CBTT) stated that the Company's minimum capital ratio should not fall below 10%.

29 **Fair value estimation**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The following tables provide an analysis of financial instruments held as at the date of the statement of financial position that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3, based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

29 Fair value estimation (continued)

The following table analyses within the fair value hierarchy the Company's financial assets measured at fair value at financial year ended:

	Level 1 $	Level 2 $	Level 3 $	Total $
As at 30 September 2018				
Financial assets				
Investment securities classified as available-for-sale				
Government of the Republic of Trinidad and Tobago debt securities	--	11,026,940	--	11,026,940
Corporate debt securities	--	72,586,007	4,659,201	77,245,208
	--	83,612,947	4,659,201	88,272,148
Investment securities at fair value through profit or loss				
Government of the Republic of Trinidad and Tobago debt securities	--	4,523,256	--	4,523,256
Quoted equity securities	1,362,708	--	--	1,362,708
Unquoted equity securities	--	--	26,493	26,493
	1,362,708	4,523,256	26,493	5,912,457

	Level 1 $	Level 2 $	Level 3 $	Total $
As at 30 September 2017				
Financial assets				
Investment securities classified as available-for-sale				
Government of the Republic of Trinidad and Tobago debt securities	--	12,246,742	--	12,246,742
Corporate debt securities	--	25,520,674	4,786,418	30,307,092
		37,767,416	4,786,418	42,553,834
Investment securities at fair value through profit or loss				
Government of the Republic of Trinidad and Tobago debt securities	--	4,666,714	--	4,666,714
Quoted equity securities	1,313,573	--	--	1,313,573
Unquoted equity securities	--	--	27,331	27,331
	1,313,573	4,666,714	27,331	6,007,618

29 Fair value of financial instruments (continued)

The movement in the Company's financial assets classified as Level 3 during the year was as follows:

	2018 $	2017 $
At start of year	4,813,749	9,132,308
Foreign exchange gain recognised in arriving at net profit or loss	(837)	(28)
Fair value gains recognised in other comprehensive income	13,805	--
Disposals	(141,023)	(4,318,531)
At end of year	4,685,694	4,813,749

If credit spreads were to increase or decrease by 100 basis points with all other variables held constant, the impact on the carrying value on the level 3 bond would be $4,286 (2017: $4,519)

There were no transfers between levels.

30 Contingent liabilities

The Company is not a party to any material pending legal proceedings other than ordinary routine litigation incidental to the business. It is not expected that the disposition of such litigation will have a material effect on the Company's financial position.

31 Lease rentals

The Company leased the premises under an operating lease arrangement and the future lease obligations are summarised below:

	2018 $	2017 $
Not later than 1 year	790,614	1,509,354
Later than 1 year and not later than 5 years	--	790,614
	790,614	2,299,968

32 Capital commitments

The Company has no capital commitments.

33 Subsequent events

Management evaluated all events that occurred from 1 October 2018 through to 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.