SYGNUS

CREDIT INVESTMENTS

AUDITED FINANCIAL STATEMENTS

BREAKING BOUNDARIES

FOR THE YEAR ENDED **JUNE 30, 2022**

SYGNUS CREDIT INVESTMENTS LIMITED

FINANCIAL STATEMENTS

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Sygnus Credit Investments Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (collectively, "the Group"), set out on pages 9 to 62, which comprise the Group's and Company's statements of financial position as at June 30, 2022, the Group's and Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and Company as at June 30, 2022 and the Group's and Company's financial performance and the Group's and Company's cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Saint Lucia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of investments

The key audit matter	How the matter was addressed in our audit
The valuation of the Group's investments amounting to US$50,015,435 (2021:US$20,572,410) includes significant assumptions and judgments about the performance of the counterparties over the tenure of the investments. Furthermore, the valuation methodology relies on unobservable inputs, which have a significant impact on the resulting values of the investments. These judgements and assumptions could result in estimated fair values that are materially different from actual transaction values. The volatility of prices on various markets has increased as a result of the spread of COVID-19. This affects the fair value measurement either directly, if fair value is determined based on market prices, or indirectly if a valuation technique is based on inputs that are derived from volatile markets. *[see notes 4(e), 9 and 24 of the financial statements]*	Our procedures in this area included the following: • Assessing and testing the design and operating effectiveness of the Group's controls over the determination and computation of fair values. • Challenging the reasonableness of prices/fair values used by the Group by comparing those prices to independent third party information, including assessing the impact of COVID-19 on the variables used in the fair value calculation. • Involving our own valuation specialists to assess the reasonableness of the valuation methodologies employed and the fair value conclusions. We considered the provisions of IFRS 13 *Fair Value Measurement* and reviewed the sources of data and underlying assumptions utilised to value the investments.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Key Audit Matters (Continued)

1. Valuation of investments (continued)

The key audit matter	How the matter was addressed in our audit
	Our procedures in this area included the following (continued): • Assessing the adequacy of the disclosures, including the degree of estimation involved in determining fair values. • Evaluating the appropriateness of classification of investment components in accordance with IFRS.

2. Measurement of expected credit losses on financial assets

The key audit matter	How the matter was addressed in our audit
IFRS 9 requires the Group to recognise expected credit losses ('ECL') on financial assets. The determination of ECL is highly subjective and requires management to make significant judgements and assumptions.	Our procedures in this area included the following: • Obtaining an understanding of the model used by the Group for the calculation of expected credit losses, including governance over the determination of key judgements and assumptions.

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Key Audit Matters (Continued)

2. Measurement of expected credit losses on financial assets (continued)

The key audit matter	How the matter was addressed in our audit
The key areas requiring greater management judgement include the determination of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information. The identification of a significant increase in credit risk is a key area of judgement, as the criteria determine whether a 12 -month or lifetime loss allowance is recorded. The incorporation of forward-looking information, reflects a range of possible future economic conditions. Significant management judgement is used in determining the economic scenarios. These estimates involve increased judgement as a result of the economic impact of Covid-19 on the Group's financial assets. Management considered the following: • Qualitative factors that create COVID-19 related changes to SICR. • Increased uncertainty about potential future economic scenarios and their impact on credit losses.	Our procedures in this area included the following (continued): • Testing the design and operating effectiveness of the key control over the computation of the expected credit losses. • Testing the completeness and accuracy of the data used in the model to the underlying accounting records on a sample basis. • Involving our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the SICR criteria used, and independently assessing the assumptions for probabilities of default, losses given default, exposures at default and the incorporation of forward-looking information.

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Key Audit Matters (Continued)

2. Measurement of expected credit losses on financial assets (continued)

The key audit matter	How the matter was addressed in our audit
The use of these judgements and assumptions increases the risk of material misstatement and is therefore an area of increased audit focus. *[see notes 4(d) and 25(b) to the financial statements]*	Our procedures in this area included the following (continued): • Assessing the adequacy of the disclosures of the key assumptions and judgements.

Other Information

Management is responsible for the other information. The other information comprise the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRS, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

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

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 Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is located at pages 7-8, forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditors' report is Baldwin Alcindor.

KPMG

Chartered Accountants
Saint Lucia
August 29, 2022.

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Appendix to the Independent Auditor's Report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Appendix to the Independent Auditor's Report (Continued)

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

SYGNUS CREDIT INVESTMENTS LIMITED

Statement of Financial Position
As at June 30, 2022
(Expressed in United States dollars)

	Notes	Group 2022	Group 2021	Company 2022	Company 2021
		$	$	$	$
ASSETS					
Cash and cash equivalents	5	8,470,884	1,029,391	8,164,108	1,028,938
Interest receivable		3,675,584	3,232,954	3,675,584	3,232,954
Other receivables	6	525,090	197,229	522,970	196,503
Due from related parties	7(a)	1,612,232	613,395	22,920,226	767,870
Lease receivables	8	1,601,052	2,287,083	1,601,052	2,287,083
Investments	9	120,907,979	80,510,395	96,748,804	80,510,395
Deferred tax asset	10	1,146	-	1,146	-
Investments in subsidiaries	11	-	-	22,785,901	76
Total Assets		136,793,967	87,870,447	156,419,791	88,023,819
LIABILITIES					
Accounts payable and accrued liabilities	12	3,958,088	1,174,870	2,147,047	1,172,569
Due to related parties	7(a)	241,973	510,647	23,024,247	510,647
Dividends payable	13	388,885	247,582	388,885	247,582
Interest payable	14	231,492	50,862	231,492	50,907
Taxation payable		73,951	2,348	73,951	2,348
Notes payable	15	60,285,928	14,670,025	42,454,748	6,744,133
Preference shares	16	1,147,609	-	1,147,609	-
Loans and borrowings	17	3,003,572	4,478,037	20,189,193	12,360,478
Total Liabilities		69,331,498	21,134,371	89,657,172	21,088,664
EQUITY					
Share capital	18	60,883,532	60,883,532	60,883,532	60,883,532
Retained earnings		6,578,937	5,852,544	5,879,087	6,051,623
Total Equity		67,462,469	66,736,076	66,762,619	66,935,155
Total Liabilities and Equity		136,793,967	87,870,447	156,419,791	88,023,819

The financial statements on pages 9 to 62 were approved by the Board of Directors on August 29, 2022.

_________________________ Director
Dr. Ike Johnson

_________________________ Director
Linval Freeman

The accompanying notes form an integral part of the consolidated and separate financial statements.

SYGNUS CREDIT INVESTMENTS LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended June 30, 2022
(Expressed in United States dollars)

	Notes	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Income					
Interest income calculated using the effective interest method	19	10,217,443	8,221,661	10,217,443	8,221,661
Interest expense	19	(3,112,690)	(1,797,459)	(2,930,341)	(1,704,899)
		7,104,753	6,424,202	7,287,102	6,516,762
Fair value gains from financial instruments at FVTPL	24(b)	4,069,942	1,416,793	2,878,590	1,416,793
Fair value adjustment on contingent consideration payable	12(i)	(92,580)	-	-	-
Gain on sale of investments		-	24,175	-	24,175
Fee income	20	42,697	62,786	27,714	62,786
		11,124,812	7,927,956	10,193,406	8,020,516
Expenses					
Management fees	7(b)	1,933,561	1,456,937	1,933,561	1,456,937
Performance fees	7(b)	50,939	349,514	50,939	349,514
Corporate service fees	7(b)	336,363	265,663	336,363	265,663
Net foreign exchange loss		405,221	72,988	408,654	73,964
Impairment allowance on financial assets	25(b)(vi)	3,820,134	69,710	3,820,134	69,710
Other expenses	21	659,117	654,817	623,207	620,984
		7,205,335	2,869,629	7,172,858	2,836,772
Profit before taxation		3,919,477	5,058,327	3,020,548	5,183,744
Taxation	22(a)	(96,373)	(30,010)	(96,373)	(11,594)
Profit for the year, being total comprehensive income		3,823,104	5,028,317	2,924,175	5,172,150
Earnings per stock unit	23	0.65¢	1.11¢		
Diluted earnings per stock unit	23	0.65¢	1.11¢		

The accompanying notes form an integral part of the consolidated and separate financial statements.

SYGNUS CREDIT INVESTMENTS LIMITED

Group Statement of Changes in Equity
Year ended June 30, 2022
(Expressed in United States dollars)

	Share capital $ [Note 18]	Retained earnings $	Total $
Balances at June 30, 2020	35,107,673	2,564,686	37,672,359
Profit for the year, being total comprehensive income for the year	-	5,028,317	5,028,317
Transactions with owners			
Issue of ordinary shares	25,775,859	-	25,775,859
Dividends declared (note 13)	-	(1,740,459)	(1,740,459)
Balances at June 30, 2021	60,883,532	5,852,544	66,736,076
Profit for the year, being total comprehensive income for the year	-	3,823,104	3,823,104
Transaction with owners			
Dividends declared (note 13)	-	(3,096,711)	(3,096,711)
Balances at June 30, 2022	60,883,532	6,578,937	67,462,469

The accompanying notes form an integral part of the consolidated and separate financial statements.

SYGNUS CREDIT INVESTMENTS LIMITED

Company Statement of Changes in Equity
Year ended June 30, 2022
(Expressed in United States dollars)

	Share capital $ [Note 18]	Retained earnings $	Total $
Balances at June 30, 2020	35,107,673	2,619,932	37,727,605
Profit for the year, being total comprehensive income for the year	-	5,172,150	5,172,150
Transactions with owners			
Issue of ordinary shares	25,775,859	-	25,775,859
Dividends declared (note 13)	-	(1,740,459)	(1,740,459)
Balances at June 30, 2021	60,883,532	6,051,623	66,935,155
Profit for the year, being total comprehensive income for the year	-	2,924,175	2,924,175
Transaction with owners			
Dividends declared (note 13)	-	(3,096,711)	(3,096,711)
Balances at June 30, 2022	60,883,532	5,879,087	66,762,619

The accompanying notes form an integral part of the consolidated and separate financial statements.

SYGNUS CREDIT INVESTMENTS LIMITED

Statement of Cash Flows
Year ended June 30, 2022
(Expressed in United States dollars)

	Notes	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Cash flows from operating activities					
Profit for the year		3,823,104	5,028,317	2,924,175	5,172,150
Adjustments for:					
Interest income	19	(10,217,443)	(8,221,661)	(10,217,443)	(8,221,661)
Interest expense	19	3,112,690	1,797,459	2,930,341	1,704,899
Impairment allowance on financial assets	25(b)(vi)	3,820,134	69,710	3,820,134	69,710
Taxation	22(a)	96,373	30,010	96,373	11,594
Amortisation of transaction costs on issued notes		546,006	167,791	390,822	73,472
Fair value loss on contingent consideration		92,580	-	-	-
Fair value gains on investments	24(b)	(4,069,942)	(1,416,793)	(2,878,590)	(1,416,793)
		(2,796,498)	(2,545,167)	(2,934,188)	(2,606,629)
Changes in operating assets and liabilities:					
Other receivables		(327,861)	(163,923)	(326,467)	(165,297)
Due from related parties		(998,837)	(613,395)	(22,152,356)	(649,170)
Accounts payable and accrued liabilities		2,690,638	(571,012)	974,478	(565,348)
Due to related parties		(268,674)	299,587	22,513,600	300,179
		(1,701,232)	(3,593,910)	(1,924,933)	(3,686,265)
Taxation paid		(25,916)	(9,246)	(25,916)	(9,246)
Net cash used in operating activities		(1,727,148)	(3,603,156)	(1,950,849)	(3,695,511)
Cash flows from investing activities					
Purchase of investments		(63,089,089)	(56,602,971)	(40,121,266)	(56,602,971)
Encashment of investments		23,437,610	28,985,821	23,437,610	28,985,821
Investments in subsidiaries		-		(22,785,825)	-
Lease receivables		686,031	(237,519)	686,031	(237,519)
Purchase of securities under resale agreements		(800,000)	(7,084,980)	(800,000)	(7,084,980)
Encashment of securities purchased under resale agreements		800,000	9,584,980	800,000	9,584,980
Interest income received		9,278,516	6,874,875	9,278,516	6,874,875
Net cash used in investing activities		(29,686,932)	(18,479,794)	(29,504,934)	(18,479,794)
Cash flows from financing activities					
Dividends paid		(2,955,408)	(1,711,682)	(2,955,408)	(1,711,682)
Proceeds from issue of shares		-	27,102,262	-	27,102,262
Transaction costs associated with shares issued		-	(1,326,403)	-	(1,326,403)
Preference shares		1,147,609	-	1,147,609	-
Notes payable		45,069,897	-	35,319,793	-
Loans and borrowings, net		(1,474,465)	(2,035,525)	7,828,715	(2,035,525)
Interest paid		(2,932,060)	(1,922,308)	(2,749,756)	(1,829,749)
Net cash from financing activities		38,855,573	20,106,344	38,590,953	20,198,903
Net increase/(decrease) in cash and cash equivalents		7,441,493	(1,976,606)	7,135,170	(1,976,402)
Cash and cash equivalents at beginning of year		1,029,391	3,005,997	1,028,938	3,005,340
Cash and cash equivalents at end of year		8,470,884	1,029,391	8,164,108	1,028,938

The accompanying notes form an integral part of the consolidated and separate financial statements.

(Expressed in United States dollars)

1. The Company

Sygnus Credit Investments Limited ("the Company") was incorporated in Saint Lucia on January 13, 2017 as an International Business Company. The Company's registered office is located at McNamara Corporate Services Inc., 20 Micoud Street, Castries, Saint Lucia.

The Company is a specialty credit investment company, dedicated to providing non-traditional financing to medium-sized firms across the Caribbean region.

The Company has no employees and the investment portfolio of the Company is managed and administered by Sygnus Capital Limited, a related company incorporated in Jamaica that is licensed and regulated by the Financial Services Commission.

The Company has interest in several subsidiaries, which are listed below. The Company and its subsidiaries are collectively referred to as "the Group".

Subsidiaries	Country of Incorporation	Principal Activities	Percentage Ownership
Sygnus Credit Investments Jamaica Limited (SCIJL)	Jamaica	Finance raising	100%
SCI PR Holdings Limited (SCIPR)	Saint Lucia	Holding company	100%
SCI Puerto Rico Inc. (SCIPRI)	Puerto Rico	Holding company	100%

SCIJL was incorporated on May 7, 2019 and the business operations commenced in October 2019.

SCI PR Holdings Limited was incorporated on July 1, 2021 under the International Business Companies Act. Business operations commenced on February 28, 2022.

SCI Puerto Rico Inc("SCIPRI") was incorporated on September 24, 2021 as a Domestic Corporation, is a wholly owned subsidiary of SCIPR and holds a 93.66% membership interest in Sygnus Credit Investments Puerto Rico Fund LLC ("SCIPRF or Fund"). Business operations commenced on February 28, 2022. The membership interest held in SCIPRF is reflected as an equity investment at the end of the reporting period, as it was determined under IFRS 10 *Consolidated Financial Statements* that SCIPRI does not have power over the relevant activities of this Fund.

Sygnus Credit Investments Puerto Rico Fund LLC is a Fund which was incorporated under the laws of Puerto Rico on January 10, 2022. It acquired 100% of Acrecent Financial Corporation ("AFC") on February 28, 2022.

2. Statement of compliance and basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

New and amended standards and interpretations that became effective during the year:

Certain new and amended standards came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements:

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, and IFRS 16 *Leases*, is effective for annual accounting periods beginning on or after January 1, 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis.

  A similar practical expedient will apply under IFRS 16 *Leases* for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revised discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

  The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

  The amendments did not have a significant impact on the financial statements.

New and amended standards and interpretations issued but not yet effective:

At the date of authorisation of the financial statements, certain new and amended standards and interpretations have been issued which are not yet effective and which the Group has not yet adopted. The Group has assessed the relevance of all such standards, amendments and interpretations and has determined the following are likely to be relevant to its operations:

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS *9 Financial Instruments* and IFRS 16 *Leases* and are effective for annual periods beginning on or after January 1, 2022.

  (i) IFRS 9 *Financial Instruments* amendment clarifies that for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities -in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New and amended standards and interpretations issued but not yet effective (continued):

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS *9 Financial Instruments* and IFRS 16 *Leases* (continued)

  (ii) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.

  The Group does not expect the amendment to have a significant impact on its financial statements.

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions - e.g. leases and decommissioning provisions.

  The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

  For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

  For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

  The Group is assessing the impact that the amendment will have on its financial statements.

- Amendments to IAS 37 *Provision, Contingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs - e.g. direct labour and materials; and an allocation of other direct costs - e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

  The Group does not expect the amendment to have a significant impact on its 2023 financial statements.

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New and amended standards and interpretations issued but not yet effective (continued):

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, the Group classifies a liability as current when it does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, a right to defer settlement must have substance and exist at the reporting date. It has now been clarified that a right to defer exists only if the Group complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how the Group classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the Group's own equity instruments, these would affect its classification as current or non-current.

  It has now been clarified that the reporting entity can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

  The Group does not expect the amendment to have a significant impact on its 2024 financial statements.

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

  The key amendments to IAS 1 include:

  - requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New and amended standards and interpretations issued but not yet effective (continued):

- Amendments to IAS 1 *Presentation of Financial Statements* (continued)

  The amendments are consistent with the refined definition of material:

  "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements".

  The Group does not expect the amendments to have a significant impact on its 2024 financial statements.

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

  Developing an accounting estimate includes both:

  - selecting a measurement technique (estimation or valuation technique) - e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and

  - choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

  The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

  The Group does not expect the amendments to have a significant impact on its 2024 financial statements.

(b) Basis of preparation

The financial statements are prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

2. Statement of compliance and basis of preparation (continued)

(c) Functional and presentation currency

The financial statements are presented in United States dollars, which is the functional currency of the Company.

(d) Use of estimates and judgement

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the reported amounts of income, expenses, gains and losses for the year then ended. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3.

3. Critical accounting judgements and key sources of estimation uncertainty

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

(a) Key sources of estimation uncertainty

(i) Impairment of financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increases in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing companies of similar financial assets for the purposes of measuring ECL.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

(a) Key sources of estimation uncertainty (continued)

(ii) Fair value of financial instruments

Management uses its judgement in selecting the appropriate valuation techniques to determine fair value of financial instruments. The estimates of fair value arrived at may be significantly different from the actual price of the instrument in an actual arm's length transaction.

(b) Critical accounting judgements in applying the Group's accounting policies

The Group's accounting policies which require the use of judgements in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements include the following:

Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

4. Significant accounting policies

(a) Basis of consolidation

(i) Business combinations:

Business combinations are accounted for using the acquisition method at the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the result is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(i) Business combinations (continued):

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The consideration the acquirer transfers in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The acquirer shall recognise the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree. Contingent consideration that is classified as a liability is remeasured to fair value at each reporting date, with changes included in the income statement in the post-combination period. Contingent consideration that is classified as equity is not remeasured in the post-combination period.

(ii) Subsidiaries:

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the relevant activities of the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Loss of control:

On the loss of control, the Group derecognises the assets and liabilities of a subsidiary and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

(iv) Transactions eliminated on consolidation:

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements.

(b) Cash and cash equivalents

Cash comprises cash at banks and cash equivalents which are highly liquid financial assets that are readily convertible to known amounts of cash (that is, with original maturities of less than three months), are subject to insignificant risk of changes in value, and are used for the purpose of meeting short-term commitments. Cash and cash equivalents are classified and measured at amortised cost.

4. Significant accounting policies (continued)

(c) Securities purchased under resale agreements

Securities purchased under resale agreements ("Resale agreements") are short-term transactions whereby securities are bought with simultaneous agreements to resell the securities on a specified date and at a specified price. Resale agreements are accounted for as short-term collateralised lending and are measured at amortised cost.

The difference between the purchase cost and resale consideration is recognised on the accrual basis over the period of the agreement, using the effective interest method, and is included in interest income.

(d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, securities purchased under resale agreements, investments, other receivables, due from related parties and lease receivables. Financial liabilities include accounts payable and accrued liabilities, notes payable, dividends payable, loans and borrowings, preference shares and due to related parties.

Financial assets

(i) Classification and subsequent measurement

In applying IFRS 9, the Group classified its financial assets in the following measurement categories:

(a) Fair value through profit or loss (FVTPL); or
(b) Amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Business model assessment:

In making an assessment of the objective of the business model in which a financial asset is held, the Group considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets; and

4. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Business model assessment (continued):

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed.

Solely payments of principal and interest (SPPI):

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

Financial assets are classified as FVTPL when they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The Group does not have any instruments classified as fair value through other comprehensive income. The instruments held are not marketable and or does not meet the classification requirements under IFRS 9.

(ii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

4. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(iii) Measurement of gains and losses on financial assets

Gains and losses on financial assets at amortised cost and FVTPL are included in the statement of profit or loss.

(iv) Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on the financial instruments measured at amortised cost.

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

- A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’.
- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired.
- A financial asset is credit impaired (‘Stage 3’) when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis.
- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired (referred to as ‘Stage 3 financial assets’). A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

4. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(iv) Impairment of financial assets (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Measurement of ECL

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

The ECL is determined by using the probability of default (PD), loss given default (LGD) and exposure at default (EAD). These three components are multiplied together and adjusted for forward looking information and discount rates.

The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future
- cash flows; and
- Other and lease receivables are measured at an amount equal to lifetime ECL.

4. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(iv) Impairment of financial assets (continued)

Write-off

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts, or that proceeds from collateral will not be sufficient to pay back the entire exposure. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income.

(v) Financial liabilities

The Group classifies its non-derivative financial liabilities as measured at amortised cost.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

(e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received.

4. Significant accounting policies (continued)

(e) Fair value measurement (continued)

If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

(f) Investment in subsidiary

Investment in subsidiary is measured in the financial statements at cost, less any impairment loss.

(g) Revenue recognition

(i) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

(a) Purchased or originated credit-impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

(b) Financial assets that are not POCI but have subsequently become credit-impaired (or ‘stage 3’), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss provision).

4. Significant accounting policies (continued)

(g) Revenue recognition (continued)

(ii) Fee income

Fee income is recognised on the accrual basis when the related services are performed.

(h) Foreign currency transactions and balances

Assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the reporting date.

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Realised and unrealised gains and losses arising from fluctuations in exchange rates are included in profit or loss.

(i) Other receivables and due from related parties

Other receivables and amounts due from related parties are measured at amortised cost, less any impairment loss.

(j) Leases

Finance lease:

Lessor

At the inception or modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a financial lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not; then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Upon lease commencement, the Group recognises assets under a finance lease as a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

4. Significant accounting policies (continued)

(j) Leases (continued)

Finance lease (continued):

Lessor (continued)

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

(k) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract).

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

When an embedded derivative cannot be separated from the host contract, such as, the cash flows are not solely payments of principal and interest, the entire contract is designated as fair value through profit or loss.

(l) Taxation

Taxation on the profit or loss for the period comprises current and deferred taxes. Current and deferred taxes are recognised as tax expense or benefit in profit or loss.

(i) Current taxation

Current tax charges are based on the taxable profit for the period, which differs from the profit before tax reported because they exclude items that are taxable or deductible in other periods, and items that are never taxable or deductible. The current tax is calculated at tax rates that have been enacted at the reporting date.

(ii) Deferred tax

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods.

Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised. Deferred tax assets are reviewed at each reporting date to determine whether it is probable that the related tax benefit will be realised.

4. Significant accounting policies (continued)

(l) Taxation (continued)

(ii) Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

(m) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to its carrying amount.

The effective interest rate is established on initial recognition of the financial liability and not revised subsequently.

(n) Accounts payable, accrued liabilities and due to related parties

Accounts payable, accrued liabilities and due to related parties are measured at amortised cost.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(p) Dividends

Dividends to shareholders are recorded in the financial statements in the period in which they are declared.

(q) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(r) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures,* as the "reporting entity", that is, the Group).

(Expressed in United States dollars)

4. Significant accounting policies (continued)

(r) Related parties (continued)

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group of companies (which means that each parent, subsidiary and fellow subsidiary is related to the other).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of companies of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the Group.

(vi) The entity is controlled, or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of companies of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

5. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Cash and bank balances	3,005,518	576,862	2,698,742	576,409
Short term deposit	213,395	-	213,395	-
Securities purchased under resale agreements [see (i)]	5,251,971	452,529	5,251,971	452,529
	8,470,884	1,029,391	8,164,108	1,028,938

(i) At the reporting date, the fair value of the securities held as collateral for resale agreements was $5,986,458 (2021: $630,000).

(Expressed in United States dollars)

6. Other receivables

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Prepaid expenses	47,974	35,889	45,854	35,163
Client receivables [see (i)]	477,116	161,340	477,116	161,340
	525,090	197,229	522,970	196,503

The aging of client receivables is as follows:

	Group and Company	
	2022	2021
	$	$
1-30 days	452,116	141,267
91-180 days	5,000	73
181-360 days	-	20,000
Over 360 days	20,000	-
	477,116	161,340

(i) Client receivables include undrawn fees, commitment fees and profit share payments due under existing client contract arrangements.

(ii) The expected credit losses on client receivables are immaterial.

7. Related party balances and transactions

The Group has related party relationships with its directors, shareholders and related entities.

(a) The statement of financial position includes balances with related parties, arising in the normal course of business as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Due from related parties:				
Subsidiaries [see (i)]:				
SCI Puerto Rico Inc	-	-	22,785,825	-
Sygnus Credit Investments Jamaica Limited	-	-	-	154,475
Other related parties [see (ii)]:				
SCI Puerto Rico Fund	1,612,232	-	50,000	-
Sygnus Real Estate Finance Limited	-	613,395	-	613,395
	1,612,232	613,395	22,920,226	767,870

(Expressed in United States dollars)

7. Related party balances and transactions (continued)

(a) The statement of financial position includes balances with related parties, arising in the normal course of business as follows (continued):

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Due to related parties:				
Subsidiary [see (i)]:				
SCI PR Holdings Limited	-	-	22,785,825	-
Other related parties [see (i)]:				
Sygnus Capital Limited	238,422	510,647	238,422	510,647
Sygnus Tax Advisory Limited	3,551	-	-	-
	241,973	510,647	23,024,247	510,647

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Interest receivable from related parties:				
Sygnus Real Estate Finance Limited	41,637	7,514	41,637	7,514
Interest payable to related parties (note 14):				
Sygnus Credit Investments Jamaica Limited	-	-	-	14,837
Investments [note 9(iii)]:				
Sygnus Real Estate Finance Limited	2,233,875	-	2,233,875	-
Loans and borrowings (note 17):				
Sygnus Credit Investments Jamaica Limited	-	-	17,185,621	7,882,441

(i) These balances due to and from related parties are unsecured, interest free and repayable on demand. Amounts due from the related parties are considered low credit risk. No allowance for impairment was recognised.

(ii) The balance in the current period represents amount reimbursable for general and acquisition-related expenses. The balance in the prior period represented an unsecured 90-day loan amounting to J$90 million, which was repaid during the year.

(Expressed in United States dollars)

7. Related party balances and transactions (continued)

(b) The statement of profit or loss and other comprehensive income includes income earned and expenses incurred with related parties, arising in the normal course of business as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Income:				
Interest income	84,513	79,140	84,513	79,140
Operating expenses:				
Management fees	1,933,561	1,456,937	1,933,561	1,456,937
Performance fees [see (i)]	50,939	349,514	50,939	349,514
Corporate service fees	336,363	265,663	336,363	265,663
Directors' fees and related expenses	79,211	79,015	79,211	79,015
Professional fees	17,892	156,904	9,668	149,542
Interest expense	5,333	22,373	679,138	511,632
	2,423,299	2,330,406	3,088,880	2,812,303

(i) Performance fees are computed at 15% of the return on average equity above a hurdle rate of 6%, based on the average return on equity of the current and prior two years.

8. Lease receivables

	Group and Company	
	2022	2021
	$	$
Net investment in the lease	1,686,994	2,519,107
Less: unearned finance income	(83,513)	(226,836)
Less: impairment allowance [see note 25(b)(v)]	(2,429)	(5,188)
	1,601,052	2,287,083
The lease payments are receivable as follows:		
Within one year	1,438,187	1,772,687
Within one - two year	248,807	497,613
Within two - three years	-	248,807
	1,686,994	2,519,107

(Expressed in United States dollars)

9. Investments

	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Fair value through profit or loss				
Preference shares - profit participation and conversion options (i) [note 24(b)]	25,856,260	20,572,410	25,856,260	20,572,410
Investment in private credit fund (ii) [note 24(b)]	24,159,175	-	-	-
	50,015,435	20,572,410	25,856,260	20,572,410
Amortised cost				
Short-term notes (iii)	35,081,622	24,520,219	35,081,622	24,520,219
Medium term notes (iv)	39,386,109	35,666,357	39,386,109	35,666,357
	74,467,731	60,186,576	74,467,731	60,186,576
Sub-total	124,483,166	80,758,986	100,323,991	80,758,986
Less: impairment allowance [see note 25(b)(v)]	(3,575,187)	(248,591)	(3,575,187)	(248,591)
	120,907,979	80,510,395	96,748,804	80,510,395

The maturity profile of investments as at the reporting date is as follows:

	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Fair value through profit or loss:				
Within 3 months	6,525,217	-	6,525,217	-
From 1 year to 5 years	19,331,043	20,572,410	19,331,043	20,572,410
	25,856,260	20,572,410	25,856,260	20,572,410
Equity investments - no fixed maturity	24,159,175	-	-	-
Amortized cost:				
Within 3 months	8,323,958	7,205,125	8,323,958	7,205,125
From 3 months to 1 year	26,757,664	17,315,094	26,757,664	17,315,094
From 1 year to 5 years	39,386,109	35,666,357	39,386,109	35,666,357
	74,467,731	60,186,576	74,467,731	60,186,576
	124,483,166	80,758,986	100,323,991	80,758,986

(i) This represents six (6) convertible preference shares maturing within one to five years. These investments were carried out with companies in the betting and gaming, financial, manufacturing and energy industries. The terms and conditions of each preference share are as follows:

(Expressed in United States dollars)

9. Investments (continued)

(i) (Continued)

(a) The Group has an equity conversion option to convert all or part of the shares into common equity in the event of an Initial Public Offering or sale by the Issuer.

(b) The Group is entitled to receive a percentage of reported net/gross profits of the Issuers.

(c) The Issuers have a redemption option whereby the preference shares can be redeemed prior to the maturity date by paying a premium to the Group.

(ii) On February 28, 2022, the Group acquired a 93.66% membership interest in a private credit fund through its subsidiary SCI Puerto Rico Inc. It was further determined that the Group did not control the activities of this private credit fund. The Group has accounted for this equity investment applying a market valuation approach, detailed under Note 24(a).

(iii) This represents short-term notes maturing within one year from the reporting date. Included in this balance is a short-term note with a related party for $2,233,875 (2021: $Nil).

(iv) This represents medium-term notes maturing within two to five years. These notes can be repaid on or after the contracted periods.

10. Deferred tax assets

The amounts comprising the deferred income tax account and the movements therein are as follows:

	Company and Group		
	2022		
	Balance at July 1, 2021	Recognised in profit or loss [Note 22(a)]	Balance at June 30, 2022
	$	$	$
Expected credit losses	-	1,146	1,146
Deferred income tax asset	-	1,146	1,146

	Group		
	2021		
	Balance at July 1, 2020	Recognised in profit or loss [Note 22(a)]	Balance at June 30, 2021
	$	$	$
Tax losses carried forward	18,516	(18,516)	-
Interest payable	3,698	(3,698)	-
Unrealised foreign exchange gains	(89)	89	-
Interest receivable	(3,709)	3,709	-
Net deferred income tax assets	18,416	(18,416)	-

(Expressed in United States dollars)

11. Investments in subsidiaries

Investment in subsidiary represents shares at cost (see note 1).

	Company	
	2022	2021
	$	$
Shares at cost:		
SCI PR Holdings Limited	22,785,825	-
Sygnus Credit Investments Jamaica Limited	76	76
	22,785,901	76

12. Accounts payable and accrued liabilities

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Accounts payable	246,359	39,936	246,359	39,936
Audit fees	95,700	72,000	95,700	72,000
Post-acquisition costs [see (i)]	1,809,028	-	-	-
Directors' fees and related expenses	36,724	24,375	36,724	24,375
Professional fees	194,018	-	194,018	-
Security deposits [see (ii)]	1,543,752	1,012,971	1,543,752	1,012,971
Other payables and accrued expenses	32,507	25,588	30,494	23,287
	3,958,088	1,174,870	2,147,047	1,172,569

(i) The Group holds a 93.66% membership interest in a private credit fund, Sygnus Credit Investments Puerto Rico Fund LLC ("SCIPRF"). SCIPRF completed the acquisition of outstanding shares in Acrecent Financial Corporation ("AFC") on February 28, 2022. In the event that certain pre-determined financial targets are achieved by AFC for the years ended 30 June 2022 and 30 June 2023, additional consideration ranging between $2 Million - $7 Million may become due and payable by the Group.

As at the acquisition date, the amount recognised for the fair value of the contingent consideration was $1,987,978. This was estimated by calculating the present value of the future expected cashflows. The estimates were based on a discount rate of 11.60% and assumed a probability-weighted approach to the pre-tax income of AFC.

At the end of the reporting period, the fair value of the contingent consideration was re-measured to $2,080,558 with the change of $92,580 in fair value reflected through the income statement. The contingent consideration was offset by a post-closing adjustment of $271,530 which was refundable by the sellers.

(ii) These balances were withheld by the Company as part of investment transactions in the event of a default in payments.

(Expressed in United States dollars)

13. Dividends

	Group and Company	
	2022	2021
	$	$
Final dividend in respect of 2021 @ 0.0026 cents per share	1,548,355	-
Interim dividend in respect of 2022 @ 0.0026 cents per share	1,548,356	-
Final dividend in respect of 2020 @ 0.0025 cents per share	-	871,718
Interim dividend in respect of 2021 @ 0.0015 cents per share	-	868,741
	3,096,711	1,740,459

As at the reporting date, $388,885 (2021: $247,582) was unpaid.

14. Interest payable

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Revolving line of credit	18,968	36,070	18,968	36,070
Loans from related parties [see note 7(a)]	-	-	-	14,837
Notes payable	211,771	14,792	211,771	-
Preference shares	753	-	753	-
	231,492	50,862	231,492	50,907

15. Notes payable

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Senior unsecured J$ notes [see (i)]	9,881,125	6,744,133	9,881,125	6,744,133
Senior unsecured US$ notes [see (ii)]	32,686,440	7,925,892	14,855,260	-
US$ indexed notes [see (iii)]	17,718,363	-	17,718,363	-
	60,285,928	14,670,025	42,454,748	6,744,133

(i) This represents fixed rate unsecured notes with interest rates of 6.50% per annum, payable on a quarterly basis. These notes mature between December 31, 2022 and October 29, 2023. The current portion of these notes amounted to $7,919,058 (2021: $3,385,602).

(ii) This represents fixed rate unsecured notes with interest rates ranging between 5.00% and 6.25% per annum, payable on a quarterly basis. The notes mature between December 31, 2022 and October 28, 2026. The current portion of these notes amounted to $17,381,180 (2021: $4,496,315).

(iii) This represents fixed rate unsecured notes with interest rates ranging between 5.00% and 6.00% per annum, payable on a quarterly basis. The notes mature between December 31, 2022 and October 28, 2026. The current portion of these notes amounted to $6,985,500 (2021: $Nil).

(Expressed in United States dollars)

16. Preference shares

		Group and Company	
		2022	2021
		$	$
8.5% Cumulative convertible preference shares (JMD)		1,044,881	-
6.0% Cumulative convertible preference shares (USD)		102,728	-
	(See note 18)	1,147,609	-

During the year, the Company issued by private placement, fixed rate JMD and USD indexed cumulative redeemable preference shares at a price of J$100 and US$10 respectively. The above issued shares is net of transaction costs. The subscription period for the take up of these preference shares was still open as at the reporting date.

The significant terms and conditions of the preference shares are as follows:

(i) The right to a cumulative dividend payable quarterly at the rate agreed for each class;

(ii) The right, on winding up, to receive all dividends and repayment of capital in priority to the ordinary shareholders;

(iii) The option to convert the preference shares and any accumulated dividend into common ordinary shares in the event of a public offering; and

(iv) The right to a bonus dividend payment at redemption at the rate agreed for each class.

17. Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Revolving lines of credit [see (i)]	3,003,572	4,478,037	3,003,572	4,478,037
Loans from related parties [see (ii), note 7(a)]	-	-	17,185,621	7,882,441
	3,003,572	4,478,037	20,189,193	12,360,478
Less: transaction costs				
Incurred during the year	(26,659)	(151,509)	(26,659)	(151,509)
Amortised for the year	26,659	151,509	26,659	151,509
	3,003,572	4,478,037	20,189,193	12,360,478

(i) This represents an unsecured 1-year dual-currency facility of up to J$575,000,000 or US$ equivalent. Interest is payable quarterly at 7.50% (USD rate of 6.00%). The JMD rate was increased from 6.50% to 7.50% on June 27, 2022. The facility matures on February 25, 2023.

(ii) This represents unsecured loans in the Company from its subsidiary at interest rates ranging between 5.90% and 6.45% respectively. The loans mature on December 31, 2022.

(Expressed in United States dollars)

18. Share capital

Authorised capital:

(i) Unlimited ordinary shares
(ii) 23,000,000 Fixed rate cumulative convertible preference shares
(ii) One (1) special rights redeemable share of US$1

	2022	2021
	$	$
Issued and fully paid:		
590,975,463 (2021: 590,975,463) ordinary stock units and one (1) special rights redeemable share	60,883,532	60,883,532
1,630,000 8.5% cumulative convertible preference shares	1,044,881	-
10,483 6.0% cumulative convertible preference shares	102,728	-
	62,031,141	60,883,532
Less: preference shares classified as liability (note 16)	(1,147,609)	-
	60,883,532	60,883,532

At the reporting date, one (1) special rights redeemable share and 6,581,100 ordinary stock units were held by Sygnus Capital Group Limited, a related entity. The special share can be issued only to a member of the Sygnus Group. At the annual general meeting, and meetings of the holders of any class of shareholders of the Company, the holder of the special share carries 101% of the aggregate votes, vested in all ordinary shares issued by the Company. Dividend may be paid on the special share, as agreed between the Company and the holder of the special share in the Investment Management Agreement.

The remaining ordinary stock units are held by public and private investors.

The holders of ordinary stock units are entitled to dividends as declared from time to time and are entitled to one vote per stock at general meetings of the Company.

The rights and entitlements of the holders of the preference shares are detailed at note 16.

19. Net interest income

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Interest income, calculated using the effective interest method				
Cash and cash equivalents	2,161	2,300	2,161	2,300
Resale agreements	135,209	114,397	135,209	114,397
Lease receivables	210,768	224,744	210,768	224,744
Intercompany loan	84,513	79,140	84,513	79,140
Investments	9,784,792	7,801,080	9,784,792	7,801,080
Interest income carried forward	10,217,443	8,221,661	10,217,443	8,221,661

(Expressed in United States dollars)

19. Net interest income (continued)

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Interest income brought forward	10,217,443	8,221,661	10,217,443	8,221,661
Interest expense, calculated using the effective interest method				
Notes payable	2,858,748	1,079,825	2,002,594	498,006
Loans and borrowings	253,942	717,634	927,747	1,206,893
	3,112,690	1,797,459	2,930,341	1,704,899
Net interest income	7,104,753	6,424,202	7,287,102	6,516,762

20. Fee income

Fee income includes participation fees, commitment fees and undrawn fees on notes issued to clients.

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Participation fees	27,714	30,000	27,714	30,000
Commitment and undrawn fees	-	32,786	-	32,786
Other	14,983	-	-	-
	42,697	62,786	27,714	62,786

21. Other expenses

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Advertising	18,428	48,429	18,428	48,429
Audit fees and expenses	97,860	73,740	97,860	73,740
Bank charges	12,387	8,210	10,166	6,247
Broker and commitment fees	25,626	11,541	25,626	11,541
Directors' fees and related expenses	79,211	79,015	79,211	79,015
Insurance	29,404	24,950	29,404	24,950
Irrecoverable tax	115,554	36,866	111,767	33,280
Listing fees	42,419	42,737	42,419	42,737
Professional fees	91,692	207,498	80,836	198,847
Registration fees	102,112	86,016	83,066	66,415
Software subscription	34,938	33,827	34,938	33,827
Other	9,486	1,988	9,486	1,956
	659,117	654,817	623,207	620,984

(Expressed in United States dollars)

22. Taxation

(a) The government of St Lucia has issued economic substance guidelines which take effect on July 1, 2022 for International Business Companies (IBCs), which are incorporated in St Lucia. Depending on the jurisdiction and nature of business, income tax is computed between 1% to 37.5% of profit for the year. The provision for income tax on the results for the year, adjusted for tax purposes, is $96,373 (2021: $30,010) at the end of the reporting period.

	Group	
	2022	2021
	$	$
Current year tax	76,227	6,046
Prior year under provision	21,292	5,548
Deferred tax arising from temporary differences (note 10)	(1,146)	18,416
	96,373	30,010

	Company	
	2022	2021
	$	$
Current year tax	76,227	6,046
Prior year under provision	21,292	5,548
Deferred tax arising from temporary differences (note 10)	(1,146)	-
	96,373	11,594

(b) The effective tax rate for the Group was 2.46% (2021: 0.59%) and 3.19% (2021: 0.22%) for the Company. The actual taxation charge differs from the "expected" tax charge/(credit) for the year as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Profit before taxation	3,919,477	5,058,327	3,020,548	5,183,744
Computed "expected" tax charge of 1%/30%	905,099	51,837	906,164	51,837
Computed "expected" tax charge of 37.50%	411,950	-	-	-
Computed "expected" tax credit of 25%	(49,013)	(31,354)	-	-
	1,268,036	20,483	906,164	51,837
Tax effect of treating items differently for financial statements and tax reporting purposes:				
Net foreign exchange	119,481	(285)	119,481	(41)
Interest income from CARICOM member states	(3,052,337)	(172,591)	(2,906,127)	(50,276)
Fair value gains from investments in CARICOM member states	(863,577)	(14,168)	(863,577)	(14,168)
Prior year under provision	21,292	5,548	21,292	5,548
Disallowed income and expenses and other items	2,603,478	191,023	2,819,140	18,694
Actual tax charge recognised	96,373	30,010	96,373	11,594

(Expressed in United States dollars)

23. Earnings per stock unit

Basic earnings per stock unit is computed by dividing the profit attributable to stockholders of the parent by the weighted average number of ordinary stock units in issue during the year.

	2022	2021
Net profit attributable to stockholders of the parent ($)	3,823,104	5,028,317
Weighted average number of ordinary stock units in issue (#)	590,975,463	453,042,391
Basic earnings per stock unit ($)	0.65¢	1.11¢

Diluted earnings per stock unit reflects the impact of convertible preference shares. The Group did not have any instruments that had a dilutive effect on its basic earnings per share for the previous year.

	2022	2021
Net profit attributable to stockholders of the parent ($)	3,823,104	5,028,317
Weighted average number of ordinary stock units in issue (#)	590,975,463	453,042,391
Convertible preference shares (#)	76,557	-
	591,052,020	453,042,391
Diluted earnings per stock unit ($)	0.65¢	1.11¢

24. Fair value of financial instruments

The amounts included in the financial statements for cash and cash equivalents, securities purchased under resale agreements, lease receivables, investments at amortised cost, due from related parties, other receivables, accounts payable and accrued liabilities and due to related parties reflect the approximate fair values because of the short-term maturity of these instruments.

The definition of fair value is described in note 4(e).

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and those inputs have a significant effect on the instrument valuation. This category includes instruments that are valued based on prices for similar instruments for which significant adjustments or assumptions are made to reflect differences between the instruments.

24. Fair value of financial instruments (continued)

Accounting classification and fair values:

The Group's investments measured at fair value are classified at Level 2 and Level 3 in the fair value hierarchy. There were no transfers between levels during the year.

(a) The following table show the valuation techniques used in measuring the fair value, as well as the significant observable and unobservable inputs used.

Instrument	**Valuation techniques**	**Significant observable and unobservable inputs**	**Range of estimates for observable and unobservable inputs**	**Sensitivity between key observable and unobservable inputs and fair value measurement**
Preference shares	Discounted cash flow method	• Adjusted profit of the issuer(s) based on probability of achievement • Risk-adjusted discount rates	• Probability of achievement of 45% • Fixed income discount rate of 7.47% to 10.56% and equity discount rate of 17.18% to 32.87%	The estimated fair value would increase/(decrease) if: • Adjusted profit was higher/(lower) • The cost of debt was (higher)/lower • Interest rates changed
Investment in private credit fund	Market approach, specifically the guideline public company method, using an average of market price/ book value multiples	• Market comparable price/book value multiples • Adjustments to the average market multiple for: (i) control premium and (ii) discount for lack of marketability and size	• Control premium of 9.5% • Discount for lack of marketability and size of 13%	The estimated fair value would increase/(decrease) if: • The book value of the investment in private credit fund was higher/(lower) • Comparable market price/book value multiple was higher/(lower) • Control premium was higher/(lower) • Discount for lack of marketability and size was lower/(higher)

(Expressed in United States dollars)

24. Fair value of financial instruments (continued)

Accounting classification and fair values (continued):

(b) For the medium-term notes, the carrying value is assumed to be equal to their fair value, as gains and losses offset each other. Changes in the credit quality of the notes within the portfolio are not taken into account in determining gross fair values as the impact of credit risk is recognised separately by deducting the amount of the provisions for expected credit losses.

(c) The following shows a reconciliation of the fair value measurements:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Opening balance	20,572,410	10,636,030	20,572,410	10,636,030
Purchases	25,467,823	8,700,000	2,500,000	8,700,000
Gains/(losses)				
Fair value gains in profit or loss	4,069,942	1,416,793	2,878,590	1,416,793
Foreign exchange adjustments	(94,740)	(180,413)	(94,740)	(180,413)
	50,015,435	20,572,410	25,856,260	20,572,410

(d) Accounting classification and fair values:

	Group 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
	$	$	$	$	$
Financial assets measured at fair value:					
Preference shares	25,856,260	-	-	25,856,260	25,856,260
Investment in private credit fund	24,159,175	-	24,159,175	-	24,159,175
	50,015,435	-	24,159,175	25,856,260	50,015,435
Financial assets measured at amortised cost:					
Cash and cash equivalents	8,470,884	-	8,470,774	-	8,470,884
Interest receivable	4,171,881	-	4,171,881	-	4,171,881
Other receivables	525,090	-	525,090	-	525,090
Due from related parties	1,612,232	-	1,612,232	-	1,612,232
Lease receivables	1,603,481	-	1,603,481	-	1,603,481
Short and medium term notes	74,467,731	-	74,467,731	-	74,467,731
	90,851,299	-	90,851,299	-	90,851,299

SYGNUS CREDIT INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended June 30, 2022
(Expressed in United States dollars)

24. Fair value of financial instruments (continued)

Accounting classification and fair values (continued):

(c) Accounting classification and fair values (continued):

	Company 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
	$	$	$	$	$
Financial assets measured at fair value:					
Preference shares	25,856,260	-	25,856,260	-	25,856,260
Financial assets measured at amortised cost:					
Cash and cash equivalents	8,164,108	-	8,164,108	-	8,164,108
Interest receivable	4,171,881	-	4,171,881	-	4,171,881
Other receivables	522,970	-	522,970	-	522,970
Due from related parties	22,920,226	-	22,920,226	-	22,920,226
Lease receivables	1,603,481	-	1,603,481	-	1,603,481
Short and medium term notes	74,467,731	-	74,467,731	-	74,467,731
	111,850,397	-	111,850,397	-	111,850,397

	Group 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
	$	$	$	$	$
Financial assets measured at fair value:					
Preference shares	20,572,410	-	-	20,572,410	20,572,410
Financial assets measured at amortised cost:					
Cash and cash equivalents	1,029,391	-	1,029,391	-	1,029,391
Interest receivable	3,232,954	-	3,232,954	-	3,232,954
Other receivables	197,229	-	197,229	-	197,229
Due from related parties	613,395	-	613,395	-	613,395
Lease receivables	2,292,271	-	2,292,271	-	2,292,271
Short and medium term notes	60,186,576	-	60,186,576	-	60,186,576
	67,551,816	-	67,551,816	-	67,551,816

(Expressed in United States dollars)

24. Fair value of financial instruments (continued)

Accounting classification and fair values (continued):

(c) Accounting classification and fair values (continued):

	Company 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
	$	$	$	$	$
Financial assets measured at fair value:					
Preference shares	20,572,410	-	-	20,572,410	20,572,410
Financial assets measured at amortised cost:					
Cash and cash equivalents	1,028,938	-	1,028,938	-	1,028,938
Interest receivable	3,232,954	-	3,232,954	-	3,232,954
Other receivables	196,503	-	196,503	-	196,503
Due from related parties	767,870	-	767,870	-	767,870
Lease receivables	2,292,271	-	2,292,271	-	2,292,271
Short and medium term notes	60,186,576	-	60,186,576	-	60,186,576
	67,705,112	-	67,705,112	-	67,705,112

25. Financial risk management

The Group has exposure to the following financial risks from its operations and the use of financial instruments:

(a) Overview

The Group has developed and implemented a risk management policy that involves the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group's risk management policies are established to identify and analyse the risks faced by the Group in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The risk management policy of the Group also adopts best practice measures to address perceived or real conflicts of interest that may arise in the operations and management of the business.

The Board of Directors is ultimately responsible for the risk management policies of the Group. The Board's risk management mandate is carried out through the following committees:

25. Financial risk management (continued)

(a) Overview (continued)

(i) Audit and Governance Committee

The primary purpose of this Committee is to assist the Board in fulfilling its oversight responsibilities. In performing its duties, the Committee maintains effective working relationships with the Board, the Enterprise Risk Committee and the Group's external auditors.

The Committee plays a key role in corporate governance and internal controls. The Committee is also responsible for assisting the Board of Directors in its compliance with regulatory requirements.

(ii) Investment and Risk Management Committee

The Group has delegated the management of credit risk to the Investment and Risk Management Committee ("IRMC"), a sub-committee of the Board of the Investment Manager, Sygnus Capital Limited. The committee is responsible for the overall risk management function of the Group and is responsible for all credit and investment decisions relating to the Group's investment portfolio.

This committee consists of three members, two of whom are independent of the Company, including the Chairman, appointed by the Investment Manager's Board of Directors.

The Committee reviews and approves all investment recommendations and also determines the level conditions that will be attached to each investment.

(iii) Enterprise Risk Committee

In addition to the IRMC, the Group has also established an Enterprise Risk Committee, a sub-committee of the Board.

This Committee assists the Board in providing leadership, direction, and oversight pertaining to the Company's risk governance and framework, including the Company's risk appetite statement and risk limits and tolerances ("Risk Appetite Statement"). The Committee also assists the Board to foster a culture within the Company that demonstrates the benefits of a risk-based approach to risk management and internal controls. The Committee works closely with the Audit and Governance Committee.

(iv) Investment Advisory Committee

The Investment Manager, through an Investment Advisory Committee (the "IAC"), is responsible for analysing and recommending all investment and credit proposals to the Investment and Risk Management Committee.

25. Financial risk management (continued)

(a) Overview (continued)

(iv) Investment Advisory Committee (continued)

The Group's risk management policies are established to identify and analyze the risks faced by the Group's in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(v) Impact of COVID-19

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices across the Caribbean region, where the Group has portfolio company investments, across a wide cross section of industries. In response to the pandemic, Management has adopted several measures specifically around financial risk management. These measures include:

- Proactive risk management process to monitor and manage Covid-19 risks using a four-phase process as follows:

    1. Phase I covered continuous data and information gathering to assess risks faced by the Group and its investment in portfolio companies across the Caribbean region;

    2. Phase II covered the development of short-term action plans to mitigate the risks identified in Phase I, in collaboration with partners and portfolio companies;

    3. Phase III dealt with developing and executing longer term plans using a collaborative approach with the Group's partners and portfolio companies, while monitoring and assessing the financial environment; and

    4. Phase IV involved monitoring the impact of the pandemic on existing clients. The Group offered forbearance plans to clients who met certain requirements.

25. Financial risk management (continued)

(a) Overview (continued)

(v) Impact of COVID-19 (continued)

- Effective management of liquidity given disruption in financial markets, to ensure ample liquidity is available to fund operating expenses whilst providing support to existing portfolio companies impacted by COVID-19 and make selective new investments across the Caribbean region.

  Management continues to expect that there will be opportunities across the Caribbean where companies will require flexible capital to grow their businesses given the restrictive financial environment created by COVID-19. Management continues to accept new opportunities across the Caribbean with strong downside protection.

(b) Credit risk

Credit risk is the risk of a financial loss arising from a counterparty to a financial contract failing to discharge its obligations. The Group manages this risk by establishing policies for granting credit and entering into financial contracts. The Group's credit risk is concentrated, primarily, in securities purchased under resale agreements, lease receivables and investments.

Exposure to credit risk:

The maximum credit exposure, the total amount of loss the Group would suffer if every counter-party to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets shown on the statement of financial position.

Cash and cash equivalents are held with financial institutions and collateral is not required for such accounts, as management regards the institutions as strong. The strength of these financial institutions is continually reviewed by the IRMC and the Enterprise Risk Committee.

The Group manages credit risk related to other receivables by limiting exposure to specific counterparties and by monitoring settlements.

Securities purchased under resale agreements, lease receivables and investments expose the Company to credit losses as there is a risk that the counterparty will fail to fulfill its contractual obligations. The Company manages this risk by contracting only with counterparties that management considers to be financially sound.

(Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Exposure to credit risk (continued):

The estimation of expected credit losses for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring the associated loss ratios and of default correlations between counterparties. The Company measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD).

The following table summarises credit risk exposure for investments, lease receivable and resale agreements at their carrying amounts as categorised by industry sectors. No resale agreements were held at the reporting date. These facilities are well diversified across industry sectors, and are extended to customers within Jamaica, other Caribbean territories, United States of America and Central America:

	Group			
	Investments	Lease receivables	Total 2022	Total 2021
	$	$	$	$
Betting and gaming	3,442,473	-	3,442,473	3,568,926
Construction	13,057,246	-	13,057,246	5,693,184
Distribution	2,546,210	754,502	3,300,712	2,893,252
Energy	8,865,126	-	8,865,126	3,185,417
Fast food	8,446,257	-	8,446,257	8,116,687
Financial	44,943,611	-	44,943,611	17,332,527
Hospitality	12,203,722	848,979	13,052,701	13,876,253
Infrastructure	12,667,477	-	12,667,477	11,549,825
Manufacturing	11,406,989	-	11,406,989	11,457,877
Mining and quarrying	1,304,055	-	1,304,055	2,277,309
Telecommunications	5,600,000	-	5,600,000	3,100,000
	124,483,166	1,603,481	126,086,647	83,051,257
Less: Impairment allowance [see note 25(b)(vi)]	(3,575,187)	(2,429)	(3,577,616)	(253,779)
	120,907,979	1,601,052	122,509,031	82,797,478

(Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Exposure to credit risk (continued):

	Company			
	Investments	Lease receivables	Total 2022	Total 2021
	$	$	$	$
Betting and gaming	3,442,473	-	3,442,473	3,568,926
Construction	13,057,246	-	13,057,247	5,693,184
Distribution	2,546,210	754,502	3,300,712	2,893,252
Energy	8,865,126	-	8,865,126	3,185,417
Fast food	8,446,257	-	8,446,257	8,116,687
Financial	20,784,436	-	20,784,437	17,332,527
Hospitality	12,203,722	848,979	13,052,701	13,876,253
Infrastructure	12,667,477	-	12,667,477	11,549,825
Manufacturing	11,406,989	-	11,406,989	11,457,877
Mining and quarrying	1,304,055	-	1,304,055	2,277,309
Telecommunications	5,600,000	-	5,600,000	3,100,000
	100,323,991	1,603,481	101,927,472	83,051,257
Less: Impairment allowance [see note 25(b)(vi)]	(3,575,187)	(2,429)	(3,577,616)	(253,779)
	96,748,804	1,601,052	98,349,856	82,797,478

Expected credit loss measurement:

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition.

(i) *Significant increase in credit risk (SICR)*

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
Initial recognition	**Significant increase in credit risk since initial recognition**	**Credit-impaired assets**
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and third-party policies including forward-looking information.

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(i) *Significant increase in credit risk (SICR) (continued)*

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD;
- qualitative indicators; and
- a movement of two notches from the credit risk rating at origination.

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.

If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.

Purchased or originated credit-impaired financial assets are those financial assets that are credit- impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

(ii) *Definition of default*

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g. the counterparty is more than 90 days past due on its contractual payments; and
- quantitative: e.g. the counterparty meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(iii) *Incorporation of forward-looking information*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

The Group uses a forward-looking score card model to estimate the potential of future economic conditions.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities across Caribbean territories, supranational organisations and selected private-sector forecasters.

(iv) *Credit risk grading*

The Group assesses the probability of default using internal ratings. These are segmented into rating classes. The Group's rating scale is shown below.

Rating	**Description**	**Definition**	**Category**
1	Exceptional	Portfolio company is performing exceptional	Standard Monitoring
2	Very Good	Portfolio company is performing very good	
3	Good	Portfolio company is performing good	
4	Average	Portfolio company is performing average	
5	Below average	Portfolio company is performing below average	Early Warning
6	Underperforming	Portfolio company is underperforming	Enhanced Monitoring
7	Non-performing	Portfolio company is non-performing	Restructured/ Default

Exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees. Counterparty limits are established by the use of a credit classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risk to which it is exposed and to take corrective action.

(Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(v) *Credit quality analysis*

The following table contains information about the credit quality of financial assets measured at amortised cost and represents their carrying amounts at the reporting date.

Investments and resale agreements at amortised cost

	Group and Company 2022			
	Stage 1 $	**Stage 2** $	**Stage 3** $	**Total** $
Credit grade:				
Standard monitoring	68,807,176	-	-	68,807,176
Restructured/default	-	-	5,660,555	5,660,555
	68,807,176	-	5,660,555	74,467,731
Impairment allowance - investments (note 9)	(218,687)	-	(3,356,500)	(3,575,187)
	68,588,489	-	2,304,055	70,892,544

	Group and Company 2021			
	Stage 1 $	**Stage 2** $	**Stage 3** $	**Total** $
Credit grade:				
Standard monitoring	50,798,894	-	-	50,798,894
Early warning	3,200,000	-	-	3,200,000
Enhanced monitoring	-	3,849,684	-	3,849,684
Restructured/default	-	-	2,337,998	2,337,998
	53,998,894	3,849,684	2,337,998	60,186,576
Impairment allowance - investments (note 9)	(211,620)	(2,202)	(34,769)	(248,591)
	53,787,274	3,847,482	2,303,229	59,937,985

(Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(v) *Credit quality analysis (continued)*

Lease receivables at amortised cost

	Group and Company	
	2022	2021
	Stage 1	Stage 1
	$	$
Credit grade:		
Standard monitoring	1,603,481	2,292,271
Impairment allowance (see note 8)	(2,429)	(5,188)
	1,601,052	2,287,083

Interest receivable

	Group and Company		
	2022		
	Stage 1	**Stage 3**	**Total**
	$	$	$
Credit grade:			
Standard monitoring	3,229,330	-	3,229,330
Restructured/default	-	942,551	942,551
	3,229,330	942,551	4,171,881
Impairment allowance	-	(496,297)	(496,297)
	3,229,330	446,254	3,675,584

	Group and Company			
	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$	$	$	$
Credit grade:				
Standard monitoring	2,700,202	-	-	2,700,202
Enhanced monitoring	-	236,616	-	236,616
Restructured/default	-	-	296,136	296,136
	2,700,202	236,616	296,136	3,232,954
Impairment allowance	-	-	-	-
	2,700,202	236,616	296,136	3,232,954

(Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(vi) *Impairment allowance*

The following tables show a reconciliation of the opening to the closing loss allowance.

Investments and resale agreements at amortised cost

	Group and Company 2022			
	Stage 1 12-Month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
	$	$	$	$
Balance at July 1, 2021	211,620	2,202	34,769	248,591
Amounts derecognised during the year	-	(2,202)	-	(2,202)
New amounts recognised during the year	2,060	-	3,356,500	3,358,560
Net remeasurement of impairment allowance	5,007	-	(34,769)	(29,762)
Impairment allowance at June 30, 2022	218,687	-	3,356,500	3,575,187

(i) The stage 3 ECL is related solely to a facility granted to the owner of a hotel in the Cayman Islands. The resort closed in March 2020 at the beginning of the Covid Pandemic and after a brief re-opening, ceased most of its trading operations in October 2021. The investment value of $3,356,500 was moved from Stage 2 to Stage 3 in November 2021. The property was put into receivership in March 2022.

	Group and Company 2021			
	Stage 1 12-Month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
	$	$	$	$
Balance at July 1, 2020	165,289	18,646	-	183,935
Transfer from stage 1 to stage 2	(72,327)	72,327	-	-
Amounts derecognised during the year	(14,940)	-	-	(14,940)
New amounts recognised during the year	93,108	-	-	93,108
Net remeasurement of impairment allowance	40,490	(88,771)	34,769	(13,512)
Impairment allowance at June 30, 2021	211,620	2,202	34,769	248,591

(Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(vi) *Impairment allowance (continued)*

Lease receivables at amortised cost

	Group and Company	
	2022	2021
	Stage 1 12 month ECL $	**Stage 1** 12 month ECL $
Balance at July 1	5,188	134
Net remeasurement of impairment allowance	(2,759)	5,054
Balance at June 30	2,429	5,188

Interest receivable

	Group and Company 2022
	Stage 3 Lifetime ECL $
Balance at July 1, 2021	-
New amounts recognised during the year	496,297
Balance as at June 30, 2022	496,297

	Group and Company	
	2022	2021
Total impairment allowance as at June 30	4,073,913	253,779

Total impairment loss recognised during the current year amounted to $3,820,134 (2021: $69,710).

(c) Liquidity risk

Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Group generally makes investments in financial instruments issued by private companies, substantially all of which are otherwise less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for the Group to sell or dispose of such investments in a timely manner at or close to fair value, if the need arises.

(Expressed in United States dollars)

25. Financial risk management (continued)

(c) Liquidity risk (continued)

In addition, the Group faces liquidity risk in the form of funding risk. This is the risk that the Group may encounter difficulty in raising funds to meet commitments associated with its investments and obligations as they fall due.

Maturities of assets and liabilities, and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

The Group is not subject to any externally imposed liquidity requirements.

The Group maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

(d) Market risk

Market risk is the risk that the value or cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Such risks arise from open positions in interest rates and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices, such as foreign exchange and interest rates. The market risk arising from investment activities is reviewed and assessed by the Investment Advisory Committee and the Investment and Risk Management Committee of the Investment Manager. Investment transactions are monitored by the Investment Manager.

The elements of market risk that affect the Group are as follows:

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group incurs foreign currency risk on transactions that are denominated in currencies other than the United States dollar. The currency giving rise to this risk is the Jamaica dollar.

The exposure to foreign currency risk at the reporting date was as follows:

	Group			
	2022		2021	
	J$	US$ equivalent	J$	US$ equivalent
Foreign currency assets:				
Cash and cash equivalents	65,384,383	434,320	44,075,011	300,393
Interest receivable	89,944,980	597,466	114,135,077	777,888
Other receivables	46,796,361	310,848	10,640	73
Due from related parties	-	-	90,000,000	613,395
Investments	1,086,480,105	7,217,022	1,248,349,339	8,508,125
	1,288,605,829	8,559,656	1,496,570,067	10,199,874

(Expressed in United States dollars)

25. Financial risk management (continued)

(d) Market risk (continued)

(i) Foreign currency risk (continued)

	Group			
	2022		2021	
	J$	US$ equivalent	J$	US$ equivalent
Foreign currency liabilities:				
Accounts payable and accrued liabilities	5,940,810	39,462	10,850,766	73,953
Due to related parties	4,068,128	27,023	-	-
Dividends payable	12,205,081	81,073	8,275,388	56,401
Interest payable	21,306,812	141,532	5,025,539	34,252
Notes payable	1,487,545,060	9,881,125	989,528,652	6,744,133
Loans and borrowings	452,170,030	3,003,572	541,125,000	3,688,037
	1,983,235,921	13,173,787	1,554,805,345	10,596,776
Net exposure	(694,630,092)	(4,614,131)	(58,235,278)	(396,902)

	Company			
	2022		2021	
	J$	US$ equivalent	J$	US$ equivalent
Foreign currency assets:				
Cash and cash equivalents	65,374,898	434,257	44,075,011	300,393
Interest receivable	89,944,980	597,466	114,135,077	777,888
Other receivables	46,796,361	310,848	10,640	73
Due from related parties	-	-	98,028,320	668,112
Investments	1,086,480,106	7,217,022	1,248,349,339	8,508,125
	1,288,596,345	8,559,593	1,504,598,387	10,254,591
Foreign currency liabilities:				
Accounts payable and accrued liabilities	5,940,810	39,462	10,850,766	73,953
Due to related parties	4,068,128	27,023	-	-
Dividends payable	12,205,081	81,073	8,275,388	56,401
Interest payable	21,306,812	141,532	5,025,539	34,252
Notes payable	1,487,545,060	9,881,125	989,528,652	6,744,133
Loans and borrowings	452,170,030	3,003,572	541,125,000	3,688,037
	1,983,235,921	13,173,787	1,554,805,345	10,596,776
Net exposure	(694,639,576)	(4,614,194)	(50,206,958)	(342,185)

Exchange rate for the US dollar to the Jamaica dollar was US$1 to J$150.54 (2021: J$146.72)

(Expressed in United States dollars)

25. Financial risk management (continued)

(d) Market risk (continued)

(i) Foreign currency risk (continued)

Sensitivity to foreign exchange movements

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis represents outstanding Jamaica dollar denominated assets and liabilities as at the year-end, and the analysis is done on the same basis as 2021.

	Group			
	2022		2021	
	% change in currency rate	Effect on profit $	% change in currency rate	Effect on profit $
JMD	-4%	177,467	- 6%	22,466
JMD	+1%	(46,607)	+ 2%	(8,100)

	Company			
	2022		2021	
	% change in currency rate	Effect on profit $	% change in currency rate	Effect on profit $
JMD	-4%	177,469	- 6%	19,369
JMD	+1%	(46,608)	+ 2%	(6,983)

(ii) Interest rate risk

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, to the extent judged appropriate, the maturity profile of the financial assets is matched with that of the financial liabilities. Where gaps occur, management expects that its monitoring will, on a timely basis, identify the need to take quick action to close a gap, if it becomes necessary.

Management of interest rate risk

Interest rate risk exposure is measured using sensitivity analysis. Interest rate risk is managed by maintaining an appropriate mix of variable and fixed rate instruments.

(Expressed in United States dollars)

25. Financial risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were:

	Group and Company	
	2022	2021
	$	$
Variable rate instruments	2,019,140	462,147
Fixed rate instruments	98,349,856	82,797,478

Interest rate sensitivity analysis

Interest rate sensitivity has been determined based on the exposure to interest rates. These are substantially the interest sensitive instruments impacting the Group's financial results. For floating rate assets, the analysis assumes the amount of the asset outstanding at the reporting date was outstanding for the whole period.

A 200 (2021: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If market interest rates had been 50 (2021: 100) basis points higher or lower and all other variables were held constant, the effect on the Group's profit would have been as follows:

	Group and Company	
	2022	2021
	$	$
Effect on profit		
Increase 200 (2021: 100) basis points	40,383	4,621
Effect on profit		
Decrease 50 (2021: 100) basis points	(10,096)	(4,621)

The analysis is done on the same basis as 2021 and assumes that all other variables remain constant.

26. Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optimal capital structure to enable investments with additional companies. The Company may utilise leverage and may borrow up to 50% of its total assets to fund investments in additional portfolio companies. There are no externally imposed capital requirements.

The Company's approach to capital management is monitored by the Enterprise Risk Committee and Board of Directors.