BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Benchmark (Bahamas) Ltd.

Qualified Opinion

We have audited the accompanying consolidated financial statements of **Benchmark (Bahamas) Ltd.**, which comprise the consolidated statement of financial position as at **December 31, 2021**, and the consolidated statements of comprehensive income/(loss), changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Benchmark (Bahamas) Ltd.** as at **December 31, 2021** and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

The Group is carrying a balance in its due to customers account amounting to $18,439,902 in the consolidated statement of financial position at December 31, 2021. We were unable to obtain sufficient appropriate audit evidence to reconcile this amount to the underlying accounting records, specifically the subsidiary ledger. The unreconciled difference between the consolidated statement of financial position and the subsidiary ledger amounted to $337,369. Consequently, we were unable to determine the adjustment that is necessary to be posted to the said account.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Commonwealth of The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the accumulated losses of a subsidiary at the end of the year, and the guarantee provided by Benchmark (Bahamas) Ltd. to make funds available for the subsidiary to continue operating as a going concern, and to meet its present and future obligations as they become due.

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
1. Revenue Recognition and Accuracy	
With respect to the accuracy of recording the transactions of a subsidiary's clients on both the clients' subsidiary ledger and the general ledger, we assessed that there is a higher risk of material misstatement on this area which would affect the recognition of revenue. This required significant auditors' attention.	Our audit procedures included testing of controls, relating to, inter alia, manual input of individual trading fees and pricing, the reconciliations of bank accounts, brokers' and clients' accounts, and conversion of foreign currency denominated transactions. We also performed substantive testing of revenue transactions, including validation of the revenue recognized as compared to the relevant agreements with clients.
2. Manual systems and controls over financial reporting and changes to an existing IT system	
During the year, the client implemented changes in how they process and record transactions affecting customer accounts and revenue, especially involving related party transactions within the Group where a subsidiary acted as an intermediary broker for another subsidiary. We encountered delays in obtaining the reconciliation of the related party accounts. A fundamental component of these manual processes and controls ensure that all transactions are completely recorded.	We focused our audit on examining all the reconciliations that needed to be performed such as bank, broker, stock, and subsidiary to general ledger reconciliation reports. We extended our testing and increased our samples to cover a significant volume of transactions between the two related parties. Where required, we performed a greater level of testing to validate the integrity and reliability of associated data and reporting.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 matter 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.

The engagement partner on the audit resulting in this independent auditors' report is Renée D. Lockhart.

PKF

July 31, 2022
Nassau, Bahamas

BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(Expressed in Bahamian dollars)

	Notes	2021	2020
NON-CURRENT ASSETS			
Property, plant & equipment	11	445,031	98,543
Intangible asset	12	227,501	231,250
Investment property	13, 26	6,498,221	6,180,000
		7,170,753	**6,509,793**
CURRENT ASSETS			
Cash at bank	6	15,899,772	1,826,180
Due from brokers	6	4,735,455	713,261
Investments in securities	9	4,602,858	4,459,181
Customer advances (net)	7	1,539,887	1,376,869
Loans receivable	8	1,377,305	1,389,374
Other receivables and prepayments		454,028	472,110
		28,609,305	**10,236,975**
CURRENT LIABILITIES			
Bank overdraft	6,14	222,680	447,261
Accounts payable and accrued expenses	10	976,237	605,912
Due to customers	7	18,439,902	2,518,516
Bank loan - current	14	39,501	36,839
Loan from parent company	14	2,300	180,000
		19,680,620	**3,788,528**
NET CURRENT ASSETS		**8,928,685**	**6,448,447**
NON-CURRENT LIABILITIES			
Bank loan - non-current	14	59,750	100,346
NET ASSETS		**$ 16,039,688**	**$ 12,857,894**
EQUITY (Page 7)		**$ 16,039,688**	**$ 12,857,894**

The consolidated financial statements were approved and authorized to be issued on July 31, 2022 by the Board of Directors, and signed on its behalf by:

Director

G. C. Culmer

Director

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

BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in Bahamian dollars)

	Notes	2021	2020
REVENUE			
Commission		5,662,833	177,283
Portfolio management and advisory fees		386,049	489,429
Dividends		60,927	57,915
Interest		1,238	44,498
Administrative and maintenance services		166,447	74,810
Rental income		522,445	543,489
		6,799,939	**1,387,424**
EXPENSES			
Salaries and benefits		1,478,818	636,294
Travel and entertainment		40,120	10,366
Investment advisory fee	17	100,000	100,000
Bank charges and interest		116,552	73,494
Commission		39,264	-
Property management fee		31,391	-
Liability insurance		12,960	6,750
Consultancy fees		2,097	5,035
Professional and consultancy fees		95,962	98,964
Depreciation and amortization	11,12	71,805	83,607
Directors' and officers' fees		35,831	40,000
Computer repairs and maintenance		27,427	19,361
Cleaning, repairs and maintenance		154,002	81,818
Utilities		35,386	35,955
Corporate management fees	18	11,116	9,300
Printing and stationery		18,165	20,282
Bad debts provision	7, 8	524,564	1,070
Public relations		31,494	5,919
Registrar Commission license fees		15,225	15,225
Business licence fees		4,743	33,108
Real property tax		29,472	26,525
Securities Commission licence fees		52,711	38,845
Bahamas International Securities Exchange listing fees		-	5,000
Security		27,432	-
Dues and subscription		25,095	57,470
Custody fees		-	29,557
Miscellaneous		79,372	12,276
		3,061,004	**1,446,221**
OPERATING INCOME/(EXPENSE)		**3,738,935**	**(58,797)**
Other income/(losses):			
Net realized loss on investments		(44,052)	(77,782)
Net unrealized loss on investments		(536,747)	(858,376)
Net realized gain on foreign exchange		221,887	-
Net unrealized loss on foreign exchange		-	(2,582)
Gain on disposal of property, plant and equipment		-	9,739
Other income		135	1,350
		(358,777)	**(927,651)**
NET COMPREHENSIVE INCOME/(LOSS)		**$ 3,380,158**	**$ (986,448)**
Net comprehensive income/(loss) per share	19	**$ 0.68**	**$ (0.20)**

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

BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DECEMBER 31, 2021

(Expressed in Bahamian dollars)

	(Note 15) Ordinary Shares	(Note 15) Preference Shares	Contributed Surplus	Retained Earnings	Total
Balance at January 1, 2020	49,591	5,000,000	4,056,273	4,738,478	**13,844,342**
Net comprehensive loss (Page 6)	-	-	-	(986,448)	**(986,448)**
Balance at December 31, 2020	**49,591**	**5,000,000**	**4,056,273**	**3,752,030**	**12,857,894**
Dividends	-	-	-	(198,364)	**(198,364)**
Net comprehensive income (Page 6)	-	-	-	3,380,158	**3,380,158**
Balance at December 31, 2021	**$ 49,591**	**$ 5,000,000**	**$ 4,056,273**	**$ 6,933,824**	**$ 16,039,688**

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

BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in Bahamian dollars)

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net comprehensive income/(loss)		**3,380,158**	**(986,448)**
Adjustments for:			
Net unrealized loss on investments in securities		536,747	858,376
Net realized loss on investments in securities		44,052	77,782
Gain on disposal of asset		-	(9,739)
Bad debts provision	7, 8	524,564	1,070
Amortization	12	6,249	6,250
Depreciation	11	65,556	77,357
Net Cash Provided by Operations before Changes in Operating Assets and Liabilities		**4,557,326**	**24,648**
(Increase)/decrease in customer advances (net)		(163,018)	483,990
Increase in loans receivables		(487,931)	(93,853)
Increase in other receivables and prepayments		(6,482)	(101,913)
Increase in accounts payable and accrued expenses		370,325	110,150
Increase/(decrease) in due to customers		15,921,386	(1,471,950)
Net Cash Provided by/(Used in) Operating Activities		**20,191,606**	**(1,048,928)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of securities		(1,795,545)	(211,951)
Proceeds from sale of securities		1,071,069	1,036,964
Additions to intangible asset	12	(2,500)	-
Purchase of property, plant & equipment	11	(412,044)	(5,716)
Additions to investment property	13	(318,221)	(280,000)
Net Cash (Used in)/Provided by Investing Activities		**(1,457,241)**	**539,297**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		(198,364)	-
Repayment of loan from parent company	14(c)	(177,700)	-
Repayment of bank loan	14(b)	(37,934)	(34,339)
Net Cash Used in Financing Activities		**(413,998)**	**(34,339)**
NET INCREASE/(DECREASE) IN CASH		**18,320,367**	**(543,970)**
Cash, beginning of year		2,092,180	2,636,150
Cash, end of year		**$ 20,412,547**	**$ 2,092,180**
Cash is comprised of:			
Cash at bank		15,899,772	1,826,180
Due from brokers		4,735,455	713,261
Bank overdraft	14 (a)	(222,680)	(447,261)
		$ 20,412,547	**$ 2,092,180**

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

1. ORGANIZATION

Benchmark (Bahamas) Ltd. (the Company) was incorporated under the laws of the Commonwealth of The Bahamas as a limited liability company on December 30, 1997 under the Companies Act 1992. The Company functions as a public investment company and is listed on The Bahamas International Securities Exchange ("BISX"). Its primary objective is to provide a competitive return to shareholders by emphasizing a diversity of domestic instruments for capital preservation, steady income flow, and the opportunity for capital appreciation.

The Company is 47.1% owned (2020: 47.1%) by Braun & Cie Ltd., a Bahamian company incorporated primarily to hold its investment in the Company and to provide management and advisory services to the Company. The remainder of the shares are held by members of the public.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Benchmark Advisors (Bahamas) Ltd. (Advisors), Alliance Investment Management Ltd. (Alliance), Benchmark Properties (Bahamas) Ltd. (Properties) and Benchmark Ventures Limited (Ventures), collectively "The Group," which are incorporated under the laws of the Commonwealth of The Bahamas.

Advisors was incorporated on February 26, 2001 to provide investment advice, strategic management planning and capital market services.

Effective November 30, 2001, the Company acquired the entire net assets of Alliance, a company operating as a securities investment advisor, broker-dealer and consultant for non-resident companies and individuals conducting business within The Bahamas.

The financial statements of Alliance have been prepared on the basis that it will continue as a going concern. Its statement of changes in equity shows accumulated deficit as at December 31, 2021, resulting from losses accumulated in prior years. Although Alliance has had a history of profitable operations in recent years, the Company has provided a guarantee to Alliance to make sufficient funds available to enable it to meet its present and future obligations for a period including, but not limited to 12 months from the date its financial statements were approved by the Board of Directors.

Properties was incorporated on July 30, 2006 to provide rental of office space. Construction of the first investment property was completed in 2010, and is yielding rental income.

Ventures was incorporated on August 22, 2017. Its primary objective is to assist small business ventures with start-up and expansion capital.

The address of the registered office of the Group is Gresham House, Charlotte Street South, Nassau, Bahamas and its principal place of business is Suite 201, Carmichael Commercial Centre, Carmichael Road, Nassau, Bahamas.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The new and revised IFRSs prescribe new accounting recognition, measurement and disclosure requirements applicable to the Company. When applicable, the adoption of the new standards was made in accordance with their transitional provisions; otherwise, the adoption is accounted for as change in accounting policy under IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors".

2.1 New and revised IFRSs applied for the first time in 2021

The following new and revised standards have been adopted in the current year. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years, except when specifically disclosed, but may affect the accounting for future transactions or arrangements.

A. COVID-19 Related Rent Concessions: *Amendment to IFRS 16 Leases*

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification. In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

(a.) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b.) any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022); and

(c.) there is no substantive change to other terms and conditions of the lease.

The adoption of this standard has not had any material impact on the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

2.2 New and revised IFRSs in issue but not yet effective

At the date of authorization of these financial statements, the following Standards and Interpretations, which have not been applied in these consolidated financial statements, were in issue but not yet effective for the years presented:

A. Amendments to IAS 1 - *Classification of Liabilities as Current or Non-Current*

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

B. Amendments to IAS 16 - *Property, Plant and Equipment—Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

2.2 New and revised IFRSs in issue but not yet effective (Continued)

C. Amendments to IFRS 3 - *Business Combinations Reference to the Conceptual Framework*

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

D. Amendments to IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

2.2 New and revised IFRSs in issue but not yet effective (Continued)

E. Amendments to IAS 1 - ***Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies***

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. 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 supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

F. Amendments to IAS 8 - ***Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates***

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

i. A change in accounting estimate that results from new information or new developments is not the correction of an error

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

2.2 New and revised IFRSs in issue but not yet effective (Continued)

F. Amendments to IAS 8 - ***Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Continued)***

ii. The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

G. Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to the following Standards.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRSs) and are under the historical cost basis except for certain financial instruments that are measured either at fair value or amortized cost, and investment property measured at fair value, as explained in the accounting policies (Note 4). Historical cost is generally based on the fair value of consideration given in exchange for assets.

(b) Functional and presentation currency

The consolidated financial statements are presented in Bahamian dollars which is the Company's functional currency.

(c) Principles of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Revenue

The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Revenue (Continued)

Revenue comprises management fees and commissions on services to external clients. Consideration received from clients is only recognized as revenue to the extent that the Company has performed its contractual obligations in respect of that consideration. Consequently, annual management fees and loan administration fees are recognized as revenue throughout the year or the period of the loan, while commissions are earned on each trade transaction.

Interest is recognized in the period in which interest is earned. The amount of revenue is measured using the effective interest rate method.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease, excluding value-added tax (VAT).

Dividends are recorded on the ex-dividend date.

(b) Expenses

Expenses encompass losses as well as those expenses that arise in the course of the ordinary activities of the Company. The Company recognizes expenses in the consolidated statement of comprehensive income/(loss) when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses are accounted for on the accrual basis.

(c) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than the Bahamian dollar are translated into Bahamian dollars at the rate of exchange in effect at the date of the consolidated statement of financial position. Income and expenses transacted in currencies other than Bahamian dollars are translated into Bahamian dollars at the rates of exchange prevailing at the transaction dates.

Unrealized foreign exchange differences arising on translation of assets and liabilities, and realized foreign exchange differences on income and expenses transacted in foreign currencies are both recognized in the consolidated statement of comprehensive income/(loss).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant & equipment

Property, plant & equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized in the consolidated statement of comprehensive income/(loss) on the straight-line basis over the estimated useful lives of each item of property, plant & equipment.

The estimated useful lives of the assets are as follows:

Leasehold improvements	5 years
Furniture, fixtures & equipment	3 - 5 years
Vehicles	5 years

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in the consolidated statement of comprehensive income/(loss).

(e) Investment property

This is comprised of land and buildings held for appreciation or rental. The Company has elected to use the fair value model for subsequent measurement. Appreciation or decrease arising from changes in the fair value of investment property is included in the consolidated statement of comprehensive income/(loss) for the period in which it arises.

(f) Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at the date of each consolidated statement of financial position to determine if there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive income/(loss). An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized in prior years.

Provision for impairment losses is maintained at a level believed to be adequate by management to absorb potential losses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Net comprehensive income/(loss) per share

Net comprehensive income/(loss) per share is calculated by dividing the net comprehensive income/(loss) by the weighted average number of shares outstanding.

(h) Intangible asset

Intangible assets acquired separately are initially carried at cost. Subsequently, intangible assets with definite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on the straight-line basis over its maximum 40 years' estimated useful life.

(i) Financial instruments

Recognition and Classification

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. When initially recognized, all financial assets are further grouped as subsequently measured at amortized cost, at fair value through other comprehensive income (FVTOCI), or at fair value through profit or loss (FVTPL), while financial liabilities are classified as subsequently measured at amortized cost or at FVTPL.

Measurement

Financial instruments are initially measured at fair value (which is usually the cost) plus transaction costs that are directly attributable to the acquisition or issuance of the financial instrument, except for financial assets and liabilities that are classified as at fair value through profit or loss, which are initially measured at fair value, excluding transaction costs.

Subsequent to initial recognition, all recognized financial instruments are measured at either amortized cost or fair value, depending on their respective classification.

Derecognition

Financial instruments are derecognized on the trade date when the Company is no longer a party to the contractual provisions of the instrument.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

Financial assets

All regular way purchase or sale of financial assets that are under a contract whose terms require delivery of such within the timeframe established by the market concerned are initially recognized on the trade date. The financial assets are classified as follows:

<u>At Amortized Cost</u>

Financial assets are subsequently measured at amortized cost if the following conditions are met:

(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

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

Amortized cost and effective interest rate method

Amortized cost is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of effective interest rate.

The effective interest rate method is a method of calculating the amortized cost of a debt instrument and of allocating finance income over the relevant period. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at amortized cost are:

Cash at bank

For the purpose of the consolidated statement of cash flows, cash at bank includes balances which are available for withdrawal on demand.

Due from brokers

The Company maintains brokerage accounts with certain brokers locally and internationally. Due from brokers account in the consolidated statement of financial position consists of both client and Company's funds that are either deposited for future transactions or resulted from sales proceeds, dividends or other transactions, which remain held at the brokers at the end of the period.

Due from brokers are stated at amortized cost net of allowance for any doubtful accounts. These balances are available for withdrawal on demand.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

Financial assets (Continued)

At Amortized Cost (Continued)

Financial assets at amortized cost are:

Customer advances

Customer advances are carried at the principal amount outstanding less any provision for impairment and doubtful debts. A provision for doubtful debts is made when collection of the full amount is considered no longer probable and the estimated value of the underlying collateral is insufficient to cover advances made to the customer. Amounts deemed to be irrecoverable are written off.

Other receivables

Other receivables are stated at amortized cost net of any provision for doubtful debts.

Related party balances

Related parties include all individuals or close members of those individuals' family, who have the ability to control or exercise significant influence over the Company in making financial and operating decisions, or are members of the key management personnel of the Company or its parent. Related parties include its shareholders, directors, and key management personnel of the Company.

They also include entities that are members of the same group with whom the Company is affiliated, and the entities controlled by the individuals identified above.

Related party balances are stated at amortized cost.

At Fair Value Through OCI (FVTOCI)

Financial assets, are subsequently measured at FVTOCI if the following conditions are met:

(i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

Financial assets (Continued)

<u>At Fair value Through Profit/Loss (FVTPL)</u>

By default, all other financial assets shall be measured at fair value through profit or loss unless it is measured at amortized cost or at FVTOCI above. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in Note 23.

Financial assets at FVTPL are:

Investments

Investments are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss subsequently. Investments in equity securities are valued, for listed securities, at the quoted market prices at the end of each year as provided by the relevant stock exchange.

Fair Value Option (FVO)

Equity investments are generally measured at FVTPL. However, the Company has an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss. The Company did not apply this option to any of its equity investment at the initial application of IFRS 9.

The Company also has an irrevocable option to designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. The Company did not apply this fair value option to any of its debt instruments.

Impairment of Financial Assets

The Company recognizes a loss allowance for expected credit losses (ECL) on due from brokers account, customer advances, due from related parties, and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of Financial Assets (Continued)

The Company generally recognizes a 12-month ECL on initial recognition of financial assets and thereafter, except where there has been a significant increase in credit risk on an individual or collective basis, then the Company recognizes lifetime ECL. The loss allowance is recognized based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial assets that are deemed irrecoverable, where there is information indicating that the debtor is in severe financial difficulty (e.g. when the debtor is under liquidation or in the case of customer advances and other receivables, when amounts past due for 5 years), are written off.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The Company recognizes such impairment gain or loss in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income/(loss) and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

<u>At Fair value Through Profit/Loss (FVTPL)</u>

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

Financial liabilities (Continued)

At Amortized Cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL, are subsequently classified and measured at amortized cost using the effective interest rate method.

Financial liabilities are:

Bank overdraft

This is treated and accounted for similar to cash at bank.

Due to customers

This represents funds received from customers, and is carried at amortized cost.

The Company's subsidiary (Alliance) has a legally enforceable right of offset pertaining to all balances relating to a single customer.

Accounts payable and accrued expenses

Accounts payable and accrued expenses are stated at amortized cost. They are recognized on the trade date of the related transactions. This includes loan administration fee income, which is deferred by the Company over the term of the loan being administered on behalf of its clients.

Bank loan and loan from parent company

These loans are stated at amortized cost.

(j) Leases

The Group enters into lease agreements as a lessor with respect to its investment property. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating Lease - As Lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Any balloon payments and rent free periods are taken into account when determining the straight-line charge.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(l) Events after the reporting date

The Company identifies subsequent events as events that occurred after the reporting period but before the date when the consolidated financial statements were authorized for issue. Any subsequent events that provide additional information about the Company's position at the reporting period, adjusting events, are reflected in the consolidated financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the critical judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these consolidated financial statements.

5.1 Key sources of estimation uncertainty

(a) ***Provision for doubtful debts: Customer advances (Note 7)***

The Company estimates the provision for doubtful debts related to its customer advances, due from brokers, and other receivables based on assessment of specific accounts where the Company has information that certain customers are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including, but not limited to, the length of relationship with the clients and value of portfolio held on behalf of clients. The Company used judgment to record specific reserves for clients against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated. As at year-end, the balance of provision for doubtful debts amounted to $10,267,081 (2020: $10,267,081).

(b) ***Impairment of non-financial assets***

The Company performs an impairment review when certain impairment indicators are present. Determining the fair value of property, plant & equipment and intangible asset, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

5.1 Key sources of estimation uncertainty (Continued)

(b) ***Impairment of non-financial assets (Continued)***

Future events could cause the Company to conclude that property, plant & equipment and intangible asset are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations. As at year-end, management believes that no impairment loss should be recognized in these consolidated financial statements.

(c) ***Fair valuation of investment property (Note 13)***

The Company has adopted the fair value approach in determining the carrying value of its investment properties. While the Company has opted to rely on an independent appraiser to determine the fair value of its investment property, such fair value was determined based on the cost and income approach of such type of property, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Company made different judgments and estimates or utilized different basis for determining fair value. The investment property is valued at $6,498,221 (2020: $6,180,000).

(d) ***Contingencies (Note 20)***

The Company's subsidiary is currently involved in liquidation proceedings of a significant former client. Further, this client also holds the subsidiary's $5,000,000 non-redeemable preference shares. Estimates of probable costs for the resolution of this on-going liquidation has been developed in consultation with outside counsel handling the defence in these matters and is based upon an analysis of potential results. The Company currently does not believe these proceedings will have a material adverse effect on the consolidated financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the Company’s strategies relating to these proceedings.

6. CASH AT BANK AND DUE FROM BROKERS

Cash at bank is comprised of current accounts bearing interest at rates ranging from $Nil to 0.5% (2020: $Nil to 0.5%) per annum.

6. CASH AT BANK AND DUE FROM BROKERS (Continued)

Cash included in the consolidated statement of cash flows is comprised of the following consolidated statement of financial position amounts:

	2021	2020
Cash in bank	15,899,772	1,826,180
Due from brokers	4,735,455	713,261
Bank overdraft	(222,680)	(447,261)
	$ 20,412,547	**$ 2,092,180**

7. CUSTOMER ADVANCES (NET) AND DUE TO CUSTOMERS

Customer advances (net), as reported on the consolidated statement of financial position, is comprised of the following:

	2021	2020
Customer advances	11,806,968	11,643,950
Provision for doubtful debts	(10,267,081)	(10,267,081)
	$ 1,539,887	**$ 1,376,869**

The movement in the provision for doubtful debts is as follows:

	2021	2020
Balance at beginning of year	10,267,081	10,267,081
Provision	-	1,070
Write-offs	-	(1,070)
Balance at end of year	**$ 10,267,081**	**$ 10,267,081**

Advances made to and received from customers include amounts due on or funds held relating to cash and margin transactions. Advances to customers based on margins are collateralized using securities owned by customers. Such collateral and securities are not reflected in the consolidated statement of financial position, as disclosed in Note 16.

Included in the balance of $18,439,902 (2020: $2,518,516) due to customers, is an amount of $785,180 (2020: $785,180), which relates to funds received on behalf of customers, who are not identified or have not claimed the deposits as at the date of the consolidated financial statements.

During 2012, voluntary liquidation proceedings supervised by the court were initiated by a significant client of a subsidiary, which were in progress at year-end. According to management and their legal counsel, there are no contingencies for which the subsidiary is liable. At year-end, customer advances and due to customers have been reported net of the amounts relating to the client under liquidation.

8. LOANS RECEIVABLE

A subsidiary of the Company has advanced loans amounting to $1,510,773 (2020: $1,378,287) to an entity affiliated to the Group by virtue of common management. The loans have no fixed terms of repayment. Under the terms of a management and consultancy agreement, the subsidiary has the option to convert a portion of the loans to common shares in the entity. This option, once exercised, will permit the subsidiary to convert its loans into a controlling interest in the entity of up to 51%. This convertible option is at the discretion of the subsidiary and has no expiration date. A provision amounting to $500,000 was recognized on these loans at year-end.

The subsidiary has also advanced loans totaling $36,137 (2020: $11,087) to other entities that are non-interest bearing and have no fixed terms of repayment. Under the terms of the agreements, the subsidiary has an option to convert its loans into a controlling interest of up

9. INVESTMENTS IN SECURITIES

Investments in securities comprise publicly traded equities and other investments in the following industries.

	2021		2020	
Industry	**Cost**	**Market Value**	**Cost**	**Market Value**
Health	32,581	38,228	-	-
Financial services	3,579,611	3,436,285	907,785	3,017,909
Utilities	-	-	60,069	47,111
Retail	100,983	103,402	120,597	149,720
Leisure	208,143	197,560	139,661	17,584
Other	1,193,557	827,383	1,160,187	1,226,857
	$ 5,114,875	**$ 4,602,858**	**$ 2,388,299**	**$ 4,459,181**

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This is comprised of the following:

	2021	2020
Deferred loan administration fee	499	153,676
Commission payable	10,954	264,454
Rent deposits	31,383	39,718
Vat payable	11,518	20,380
Accounts payable and accruals	921,883	127,684
	$ 976,237	**$ 605,912**

11. PROPERTY, PLANT & EQUIPMENT

Property, plant & equipment is comprised of the following:

	Work-in-Progress	Office improvements	Furniture fixtures & equipment	Vehicles	Total
COST					
At January 1, 2020	-	313,536	446,869	13,688	**774,093**
Additions	-	1,500	4,216	-	**5,716**
Disposal	-	(87,097)	-	-	**(87,097)**
At December 31, 2020	**-**	**227,939**	**451,085**	**13,688**	**692,712**
Additions	391,629	-	20,415	-	**412,044**
At December 31, 2021	**391,629**	**227,939**	**471,500**	**13,688**	**1,104,756**
ACCUMULATED DEPRECIATION					
At January 1, 2020	-	130,558	382,305	13,688	**526,551**
Depreciation	-	44,554	32,803	-	**77,357**
Disposal	-	(9,739)	-	-	**(9,739)**
At December 31, 2020	**-**	**165,373**	**415,108**	**13,688**	**594,169**
Depreciation	-	38,893	26,663	-	**65,556**
At December 31, 2021	**-**	**204,266**	**441,771**	**13,688**	**659,725**
NET BOOK VALUE					
At December 31, 2021	**$ 391,629**	**$ 23,673**	**$ 29,729**	**$ -**	**$ 445,031**
At December 31, 2020	**$ -**	**$ 62,566**	**$ 35,977**	**$ -**	**$ 98,543**

12. INTANGIBLE ASSET

The carrying amount of the Company's intangible asset is as follows:

	2021	2020
CARRYING AMOUNT		
Cost	252,500	250,000
Accumulated amortization	(24,999)	(18,750)
	$ 227,501	**$ 231,250**
MOVEMENTS DURING THE YEAR		
At January 1	231,250	237,500
Additions	2,500	-
Amortization	(6,249)	(6,250)
At December 31	**$ 227,501**	**$ 231,250**

Ventures, a subsidiary, entered into an agreement with PureWater Systems Ltd. to purchase the administrative software developed by the latter for monitoring and optimization of its day-to-day operations at a cost of $250,000. PureWater is a related party by common ownership and key management.

13. INVESTMENT PROPERTY

The fair value of the investment property is as follows:

	2021	2020
Fair value at January 1	6,180,000	5,900,000
Reclassification (Note 26)	-	280,000
Additions	318,221	-
Fair value at December 31	**$ 6,498,221**	**$ 6,180,000**

The Company has pledged a portion of its investment property to secure a loan specifically obtained to purchase a plot of land. A First Demand Legal Mortgage was registered over the 0.41 acre plot of land that was acquired in 2017 [See Note 14 (b)].

Included in the carrying value of the investment properties is an amount of $560,000 (2020: $280,000), which relates to stage payments made on a new investment property under construction.

13. INVESTMENT PROPERTY (Continued)

An independent valuation of the investment property was last performed by an independent, professionally qualified, appraiser on November 29, 2019 to determine the fair value of such assets. This appraisal resulted in an appreciation of $877,607, which was recognized in the consolidated statement of income/(loss) in 2019.

In determining the fair value of investment properties, the appraiser used both the cost and income approaches, which referred to the current market conditions and recent sale transactions of similar properties at the time of appraisal.

The amount of property rental income earned by the Company and the direct operating expenses as included in the consolidated statement of comprehensive income/(loss) are as follows:

	2021	**2020**
Rental income	453,172	543,489
Direct operating expenses	75,713	81,308

Fair value hierarchy

The fair valuation of investment property is considered to represent a Level 3 valuation based on significant non-observable inputs being the cost and income potential of similar properties.

There were no transfers between Levels 1, 2 or 3 fair values during the year.

14. LOANS AND OVERDRAFT FACILITY

(a) Bank overdraft - Commonwealth Bank Ltd.

In 2020, the Company increased its overdraft facility with Commonwealth Bank Ltd. from $500,000 to $700,000, the utilized portion of which bears interest at an annual rate of B$ prime plus 3.50%, an effective rate of 7.75% (2020: 7.75%). At year-end, the subsidiary has pledged equity securities with a market value of $870,230 (2020: $1,027,673) as collateral for both the overdraft facility and the loan disclosed below.

(b) Bank loan - Commonwealth Bank Ltd.

In 2017, a subsidiary obtained a seven year loan in the amount of $250,000 from Commonwealth Bank Ltd. to finance the purchase of additional investment property. This loan, which bears interest at the rate of B$ prime plus 2.75%, an effective rate of 7.00% per annum at December 31, 2021 and 2020, is repayable on demand in monthly installments of $3,774, inclusive of interest. As security, the Company has provided a guarantee bond and a postponement of claim for full liability. In addition, hypothecation of 75,000 Commonwealth Bank Ltd.'s common shares have also been assigned to the bank. The subsidiary also provided a first demand legal mortgage over the newly-purchased investment property, which was partially financed by the same loan (See Note 13).

14. LOANS AND OVERDRAFT FACILITY (Continued)

(b) Bank loan - Commonwealth Bank Ltd. (Continued)

Reconciliation of liabilities arising from financing activities

	2021	2020
Balance, January 1	137,185	171,524
Repayments	(37,934)	(34,339)
Balance, December 31	**$ 99,251**	**$ 137,185**

	2021	2020
Current	39,501	36,839
Non-current	59,750	100,346
Balance, December 31	**$ 99,251**	**$ 137,185**

(c) Loan from parent company

During 2013, the Company received a loan in the amount of $180,000 from its parent company (Braun & Cie Ltd.) to liquidate its overdraft facility with FirstCaribbean International Bank. This loan bears interest at the rate of 4% per annum and is repayable on demand. At year-end, the outstanding balance of the loan was reduced to $2,300 (2020:$180,000). The Company has pledged equity securities with a market value of $456,000 (2020: $538,500) as security.

15. SHARE CAPITAL

(a) Ordinary shares

At December 31, 2021 and 2020, the authorized share capital of the Company was $100,000 divided into 10,000,000 ordinary shares each with a par value of $0.01, of which 4,959,111 shares were issued, outstanding and fully paid, totaling $49,591.

(b) Preference shares

At December 31, 2021, there were $5,000,000 (2020: $5,000,000) non-voting preference shares issued and outstanding. These shares were issued in two tranches: $2,000,000 in 2010, and $3,000,000 in 2011. These shares were issued in lieu of funds due to a customer on whom liquidation proceedings have subsequently commenced. All these shares are redeemable at the discretion of the issuer. Dividend payout on these shares is also at the discretion of the issuer. Consequently, all these shares are reported as equity in the consolidated financial statements.

16. ASSETS UNDER ADMINISTRATION

The assets and liabilities of clients under administration in a custodial or nominee capacity are not reflected in these consolidated financial statements, except for those assets and liabilities that relate to the brokerage services provided by a subsidiary. At December 31, 2021 assets under administration totaled approximately $41.14 million (2020: $22.36 million).

17. INVESTMENT ADVISORY FEE

Effective January 1, 2000, Braun & Cie Ltd. was appointed Investment Manager by the Company, and is paid a fee of $100,000 (2020: $100,000), payable in monthly installments beginning January 1, 2001.

Mr. Julian Renaud Brown, a director, is President and Chairman of the Company and is also President of Braun & Cie Ltd.

18. CORPORATE MANAGEMENT FEES

Under an agreement dated January 1, 2001, Mann Judd Corporate Services Ltd., the Corporate Manager of the Company, is paid a fee of $2,400 (2020: $2,000) by the Company. In addition, fees of $1,400 (2020: $1,000), $2,416 (2020: $1,800), $3,000 (2020: $3,000) and $1,900 (2020: $1,500) were paid to Mann Judd Corporate Services Ltd., by Ventures, Advisors, Alliance and Properties, respectively. A director of Mann Judd Corporate Services Ltd., is also a director of the Company and Alliance.

19. NET COMPREHENSIVE INCOME/(LOSS) PER SHARE

The calculation of net comprehensive income/(loss) per share is based on the consolidated net comprehensive income/(loss) of $3,380,158 [2020: ($986,448)] and on the weighted average number of ordinary shares outstanding during the year of 4,959,111 (2020: $4,959,111).

20. CONTINGENT LIABILITIES AND COMMITMENTS

Liquidation of a significant client

During 2012, a subsidiary of the Company, as disclosed in Note 7, has a client on whom voluntary liquidation proceedings were initiated. Further, this client also holds $5,000,000 non-redeemable preference shares as disclosed in Note 15 (b).

20. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

Liquidation of a significant client (Continued)

Although the ultimate outcome of the above-mentioned matters cannot be ascertained at this time, it is the opinion of management, after consultation with legal counsel, that the resolution of matters will not have a materially adverse effect on the financial position of the subsidiary.

21. RELATED PARTY BALANCES AND TRANSACTIONS

Balances and transactions between the Company and its related parties are disclosed below:

	2021	2020
(a.) Transactions and balances	**$**	**$**
Directors' and officers' fees	35,831	40,000
Corporate management fees (Note 18)	9,216	9,300
Investment advisory fee (Note 17)	100,000	100,000
Commission payable to parent company	-	225,922
Loan from parent company (Note 14)	2,300	180,000

Although not reflected in these consolidated financial statements, as per the terms of a new agreement, the Company charged its subsidiary, Alliance, a management fee of $52,500 (2020:$122,500), which included fees for the guarantee provided in Note 1.

(b.) Key management personnel compensation

The remuneration of the directors and other members of key management personnel of the Company is comprised only of short-term employee benefits in aggregate amounting to $498,128 (2020: $297,433).

22. OPERATING LEASE COMMITMENTS

As lessor

The Group leases its investment property to various third parties under operating lease agreements. The average lease term is 5 years, with a fixed annual rate for the period of the lease. During the period, one of the major operating leases expired and was renewed for a further five-year term.

Future minimum lease receipts under non-cancellable operating leases are as follows:

	2021	2020
Within one year	556,987	548,821
Later than 1 year and no later than 5 years	2,218,276	1,949,892
	$ 2,775,263	**$ 814,608**

23. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Management is of the opinion that the fair value of the financial assets and financial liabilities of the Company approximate their carrying values as reported in these consolidated financial statements.

The following table analyzes the carrying amounts of financial assets and liabilities as defined in Note 4 (i):

	At amortized cost	At fair value through OCI	At fair value through profit or loss	Total
	$	$	$	$
2021				
Financial assets				
Cash at bank	15,899,772	-	-	**15,899,772**
Due from brokers	4,735,455	-	-	**4,735,455**
Customer advances	1,539,887	-	-	**1,539,887**
Investments in securities	-	-	4,602,858	**4,602,858**
Loans receivable	1,377,305	-	-	**1,377,305**
Other receivables	434,883	-	-	**434,883**
	$ 23,987,302	**$ -**	**$ 4,602,858**	**$ 28,590,160**

	At fair value through profit or loss	At amortized cost	Total
Financial liabilities			
Bank overdraft	-	222,680	**222,680**
Accounts payable and accrued expenses	-	976,237	**976,237**
Due to customers	-	18,439,902	**18,439,902**
Bank loan - current	-	39,501	**39,501**
Loan from parent company	-	2,300	**2,300**
Bank loan - non-current	-	59,750	**59,750**
	$ -	**$ 19,740,370**	**$ 19,740,370**

23. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Continued)

	At amortized cost	At fair value through OCI	At fair value through profit or loss	Total
2020				
Financial assets				
Cash at bank	1,826,180	-	-	**1,826,180**
Due from brokers	713,261	-	-	**713,261**
Customer advances	1,376,869	-	-	**1,376,869**
Investments in securities	-	-	4,459,181	**4,459,181**
Loans receivable	1,389,374			**1,389,374**
Other receivables	219,428	-	-	**219,428**
	$ 5,525,112	**$ -**	**$ 4,459,181**	**$ 9,984,293**

	At fair value through profit or loss	At amortized cost	Total
Financial liabilities			
Bank overdraft	-	447,261	**447,261**
Accounts payable and accrued expenses	-	605,912	**605,912**
Due to customers	-	2,518,516	**2,518,516**
Bank loan - current	-	36,839	**36,839**
Loan from parent company	-	180,000	**180,000**
Bank loan - non-current	-	100,346	**100,346**
	$ -	**$ 3,888,874**	**$ 3,888,874**

Fair value of financial instruments

The directors consider that the carrying amounts of all of the financial assets and liabilities of the Company approximate their fair values due to the following reasons:

(i) Investments in securities are carried at fair value at each reporting period.

(ii) Due from brokers, customer advances, loans receivable, other receivables excluding prepayments, bank overdraft, due to customers, bank loan - current, loan from parent company and accounts payable and accrued expenses approximate their fair values due to the short-term maturities of these instruments with no expected significant change in value over the short period of time.

(iii) Bank loan - non-current bears the prevailing market rate of interest making it approximate its fair value.

23. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Fair value hierarchy and measurements

The following table categorizes into three levels the inputs used to measure fair value of financial instruments:

Financial assets and liabilities that are measured at fair value on a recurring basis

	Fair value measurements as at 31 December 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
FINANCIAL ASSETS				
Financial assets at fair value through profit or loss				
Investments in securities	4,602,858	-	-	**4,602,858**

	Fair value measurements as at 31 December 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
FINANCIAL ASSETS				
Financial assets at fair value through profit or loss				
Investments in securities	4,459,181	-	-	**4,459,181**

Level 1
The fair value of financial instruments traded in an active market is based on quoted market prices at the reporting date.

Level 2
The fair value of financial instruments not traded in an active market is determined by using valuation techniques. The fair value of the financial instrument within this category has been estimated using the present value method.

Level 3
The fair value of financial instruments is determined by inputs that are not based on observable market data.

There were no transfers between level 1 and 2 during the year.

23. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Fair value hierarchy and measurements (Continued)

Financial assets and liabilities that are not measured at fair value on a recurring basis

	Fair value measurements as at 31 December 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
FINANCIAL ASSETS				
Cash at bank	15,899,772	-	-	**15,899,772**
Due from brokers	-	4,735,455	-	**4,735,455**
Customer advances	-	1,539,887	-	**1,539,887**
Loans receivable			1,377,305	**1,377,305**
Other receivables	-	-	434,883	**434,883**
FINANCIAL LIABILITIES				
Bank overdraft	222,680			**222,680**
Accounts payable and accrued expenses	-	976,237	-	**976,237**
Due to customers	-	18,439,902	-	**18,439,902**
Bank loan - current	-	-	39,501	**39,501**
Loan from parent company	-	-	2,300	**2,300**
Bank loan - non-current	-	-	59,750	**59,750**

	Fair value measurements as at 31 December 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
FINANCIAL ASSETS				
Cash at bank	1,826,180	-	-	**1,826,180**
Due from brokers	-	713,261	-	**713,261**
Customer advances	-	1,376,869	-	**1,376,869**
Loans receivable	-	-	1,389,374	**1,389,374**
Other receivables	-	-	219,428	**219,428**
FINANCIAL LIABILITIES				
Bank overdraft	447,261			**447,261**
Accounts payable and accrued expenses	-	605,912	-	**605,912**
Due to customers	-	2,518,516	-	**2,518,516**
Bank loan - current	-	-	36,839	**36,839**
Loan from parent company	-	-	180,000	**180,000**
Bank loan - non-current	-	-	100,346	**100,346**

24. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations, and arises primarily from the Company's cash at bank, customer advances, due from brokers, loans receivable, and other receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of market and liquidity risk of the securities held as collateral for the receivables.

The Company has established an allowance for impairment that represents its estimate of credit losses in respect of customer advances, due from brokers, loans receivable and other receivables. Recoverability of each of these assets is assessed individually, and specific provision is made as required.

24. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

The table below classifies various financial assets in ascending order of exposure to credit risk:

	2021	2020
(a) Banks with credit-rating of B and above	15,899,772	1,826,180
(b) Stockbrokers	4,735,455	713,261
(c) Other receivables	434,883	219,428
(d) Due from customers	1,539,887	1,376,869
(e) Loans receivable	1,377,305	1,389,374
	$ 23,987,302	**$ 5,525,112**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities.

The Company's approach to managing liquidity is to ensure that, as far as possible, it will schedule the maturity of its financial assets to coincide with the maturity of its financial liabilities.

The risk is also mitigated by management’s ability to negotiate to reschedule the maturity of financial assets and financial liabilities, and borrow temporary funds from its bankers to bridge any shortfall.

Management is of the opinion that disclosure of the maturity profile of financial assets is not required. The Company maintains sufficient cash and marketable securities. Management reviews cashflow forecasts on a regular basis to determine whether the Company has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The Company has further unused overdraft facilities of $477,320 (2020: $252,739) which can be used as an additional means of easing liquidity risk, if considered necessary. The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

24. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

	0 - 3 months $	3 months - 1 year $	Over 1 year $	Total $
2021				
Financial liabilities				
Bank overdraft	222,680	-	-	**222,680**
Accounts payable and accrued expenses	151,343	824,894	-	**976,237**
Due to customers	1,831,745	5,495,236	11,112,921	**18,439,902**
Bank loan - current	11,322	33,966		**45,288**
Loan from parent company	-	2,300	-	**2,300**
Bank loan - non-current	-	-	56,610	**56,610**
	$ 2,217,090	**$ 6,356,396**	**$ 11,169,531**	**$ 19,743,017**
2020				
Financial liabilities				
Bank overdraft	447,261	-	-	**447,261**
Accounts payable and accrued expenses	103,078	459,716	43,118	**605,912**
Due to customers	269,128	578,707	1,670,681	**2,518,516**
Bank loan - current	11,322	33,966	-	**45,288**
Loan from parent company	-	180,000	-	**180,000**
Bank loan - non-current	-	-	101,898	**101,898**
	$ 830,789	**$ 1,252,389**	**$ 1,815,697**	**$ 3,898,875**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the fair value or future cash flows of the Company's financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk.

24. FINANCIAL RISK MANAGEMENT (Continued)

Market risk (Continued)

(a) Currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Most of the Company's foreign currency transactions, assets and liabilities are denominated in US Dollars, Hong Kong Dollars and Indonesian Rupiah. The Company hedges currency risk by converting other foreign currencies to US Dollars, which is at par with the Bahamian Dollar, at transaction date and also by maintaining a spread to cover adverse fluctuations.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities. A subsidiary's interest rate liability risk arises primarily from borrowings issued at floating interest rates, which exposes the subsidiary to cash flow interest rate risk. Borrowings are sourced from a local bank, covering short and long-term funding.

The Company manages interest rate risk on borrowings by ensuring access to diverse sources of funding, reducing risks of refinancing by establishing and managing in accordance with target maturity profiles.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. It shows the effect on net comprehensive income/(loss) and equity had the interest rates been higher or lower. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates based on the recent changes in lending prime rate in the Bahamas.

If interest rates had been 50 basis points higher/lower, profit or loss, and equity for the year ended December 31, 2021 would decrease/increase by $1,639 (2020: $2,922). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

25. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

To safeguard the entities' ability to continue as going concerns, so that as a Group, they can continue to provide returns for shareholders and benefits for other stakeholders.

To provide an adequate return to shareholders by selecting investments that provide an acceptable return commensurately with the level of risk.

The Company manages its capital structure and makes adjustments to it in light of economic changes to mitigate market risk. In order to manage the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or liquidate assets to reduce debt.

A subsidiary of the Company is subject to externally imposed capital requirements. The Securities Industry Regulations, 2000 requires that a Class 1 broker-dealer shall maintain at least $300,000 of regulatory capital, which consists of cash and cash equivalents, money market funds, government securities and listed securities.

26. RECLASSIFICATIONS OF COMPARATIVE AMOUNTS

Certain amounts in the comparative financial statements and note disclosures have been reclassified to conform to the current year's presentation. The reclassification includes a comparative amount of $280,000 that was previously presented in the Company's consolidated statement of financial position as part of other receivables and prepayments, which has now been presented as part of investment property (See Note 13). Management believes that the above reclassification resulted to a better presentation of accounts and did not have any impact on prior year's profit or loss.