PORTFOLIO CREDIT MANAGEMENT LIMITED

Financial Statements

31 December 2021

(Expressed in Trinidad and Tobago Dollars)

PORTFOLIO CREDIT MANAGEMENT LIMITED

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Chairman's Report

During the financial year ended December 2021, the Company's total assets declined by approx $4.16 million due primarily to the reduction in the principal value of its loan portfolio and cash holdi $2.80 million and $1.34 million respectively.

The Company's loan assets consisted of a loan facility domiciled in the Turks & Caicos Islands wh accounted for $428.47 million or approximately 99.96 percent of its loan portfolio. The other asset carri on the Company's books during the period under review was the Government of St. Kitts and Nevis US discount bond which accounted for $0.18 million or approximately 0.04 percent of the Company's loan portfolio.

Its accumulated deficit increased from $8.45 million to $11.47 million due to a loss of $3.02 million incurred during the year. Although the income earned from customers was negligible, there was a credit loss recovery of $3.85 million from the sale of a real estate property located within Trinidad and Tobago that was captured under a judgment registered against a Borrower.

The Company's interest income was insufficient to service its interest expense which resulted in a net interest loss of $1.78 million. Operating expenses remained relatively flat at $3.5 million.

As such, the Company focused extensively on the sale of the collateral lands assigned to its last loan asset in order to retire the matching liability and its related interest expense.

The negotiations in respect of the sale of the said collateral lands was frustrated by the adverse impact of the covid-19 pandemic on travel restrictions by potential investors to the T&C Islands. Nonetheless, a significant milestone was achieved with the execution of a Purchase and Sale Agreement on November 9th 2021 for a purchase consideration of US$16.50 million. A ten (10) percent deposit of US$1.65 million was simultaneously received on execution.

In light of the fact that the gross sale proceeds, necessary to retire the matching bond liability of US$15.75 million, would not have been received by December 2021, the said bond liability due December 31st 2021 in the sum of US$15.75 million was cancelled and replaced by a one-year 1.25 percent Commercial Paper (CP) of equivalent value due December 31st 2022.

The sale of the collateral lands was successfully concluded on June 30th 2022 with the receipt of the balance of the purchase consideration of US$14.85 million.

The receipt of these resources facilitated the prepayment of the Company's outstanding US$ liability of US$15.75 million on July 29th 2022 in advance of its due maturity date of December 31st 2022.

On behalf of the Board, I am happy to report that the Company, having retired all of its TT$ bonds issued in prior years and the achievements realized in 2021 up to the time of reporting, completed its sole purpose remit of managing and liquidating a distressed loan portfolio in the aggregate sum of TT$2.68 billion with the said proceeds utilised to service the payment obligations associated with bond of equivalent value issued by the Company.

The conclusion of the Company's remit and the achievement of solvency has positioned the Company to be wound up voluntarily subject to the approval of the Minister of Finance (Corporation Sole).

It is with a profound sense of gratitude that I extend my deepest appreciation to my fellow Directors and the Company's staff whose collective mind and management enabled the Company to complete its remit and achieve solvency without financial support from the shareholder.

Enid Zephyrine

Enid Zephyrine
Chairman
17 August 2022

PORTFOLIO CREDIT MANAGEMENT LIMITED

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Portfolio Credit Management Limited (the "Company") which comprise the statement of financial position as at 31 December 2021 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and significant accounting policies and other explanatory information;

- Ensuring that the Company keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

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

The financial statements are prepared on a non-going concern basis as it is the Company's intension to complete its remit, achieve solvency and thereafter seek the necessary approval to be wound up voluntarily within the next twelve months.

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

David Thompson President and Chief Operating Officer/Secretary 17 August 2022	Kevin Dolly Senior Manager 17 August 2022

pwc

Independent auditor's report

To the shareholder of Portfolio Credit Management Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Portfolio Credit Management Limited (the Company) as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

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

Emphasis of Matter – Use of non-going concern basis of preparation

We draw your attention to Note 2 of these financial statements, which refers to the intention of management of Portfolio Credit Management Limited to wind up the Company. As a result, management has therefore prepared the financial statements using a non-going concern basis. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Chairman's report but does not include the financial statements and our auditor's report thereon.

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

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
18 August 2022

PORTFOLIO CREDIT MANAGEMENT LIMITED

Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 31 December 2021 $	2020 $
Assets			
Cash and cash equivalents	5	5,345,493	6,685,239
Tax recoverable		8,442	8,442
Receivables	6	3,762	7,903
Loans to customers	7	90,567,756	93,381,387
Total assets		95,925,453	100,082,971
Liabilities and equity			
Due to related party	8	671,527	590,065
Accrued expenses		223,360	293,732
Tax payable		84	84
Other payable	9	106,504,614	--
Debt securities in issue	9	--	107,663,575
Total liabilities		107,399,585	108,547,456
Shareholder's equity			
Share capital	10	1	1
Accumulated deficit		(11,474,133)	(8,464,486)
Total shareholder's equity		(11,474,132)	(8,464,485)
Total equity and liabilities		95,925,453	100,082,971

The notes on pages 10 to 32 are an integral part of these financial statements.

On 17 August 2022, the Board of Directors of Portfolio Credit Management Limited authorised these financial statements for issue.

Director

Director

PORTFOLIO CREDIT MANAGEMENT LIMITED

Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 31 December 2021 $	2020 $
Interest income – loans to customers		5,635	6,091
Interest expense		(1,781,775)	(2,056,376)
Net interest expense		(1,776,140)	(2,050,285)
Interest on deposits		73,882	144,715
Credit loss recovery		299,745	11,272,635
Net operating (loss)/profit		(1,402,513)	9,367,065
Operating expenses	11,12	(3,520,294)	(3,506,267)
Operating (loss)/profit		(4,922,807)	5,860,798
Other income	13	1,913,160	64,687,435
(Loss)/profit for the year		(3,009,647)	70,548,233

The notes on pages 10 to 32 are an integral part of these financial statements.

PORTFOLIO CREDIT MANAGEMENT LIMITED

Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Share capital $	Accumulated deficit $	Total shareholder's equity $
Year ended 31 December 2021			
Balance as at 1 January 2021	1	(8,464,486)	(8,464,485)
Total comprehensive loss for the year	--	(3,009,647)	(3,009,647)
Balance as at 31 December 2021	1	(11,474,133)	(11,474,132)
Year ended 31 December 2020			
Balance as at 1 January 2020	1	(79,012,719)	(79,012,718)
Total comprehensive income for the year	--	70,548,233	70,548,233
Balance as at 31 December 2020	1	(8,464,486)	(8,464,485)

The notes on pages 10 to 32 are an integral part of these financial statements.

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

	Year ended 31 December 2021 $	2020 $
Cash flows from operating activities		
(Loss)/profit for the year	(3,009,647)	70,548,233
Adjustments for:		
- Credit loss recovery	(299,745)	(11,272,635)
- Other income – bond forgiveness	--	(67,860,907)
- Fair value (gains)/losses	(1,179,435)	3,173,472
- Exchange gain/(loss) on translation of bonds	20,474	(116,681)
	(4,468,353)	(5,528,518)
Change in loans	3,113,375	7,055,354
Change in interest receivable	4,141	(1,533)
Change in accrued expenses and other payables	106,434,242	108,210
Change in due from related party	81,463	(21,448)
Net cash from operating activities	105,164,868	1,612,065
Cash flows used in financing activities		
Repayment of bonds	(106,504,614)	(10,829,144)
Net cash used in financing activities	(106,504,614)	(10,829,144)
Net decrease in cash and cash equivalents	(1,339,746)	(9,217,079)
Cash and cash equivalents at the beginning of the year	6,685,239	15,902,318
Cash and cash equivalents at the end of the year	5,345,493	6,685,239

The notes on pages 10 to 32 are an integral part of these financial statements.

1 General information

Portfolio Credit Management Limited (the "Company"), formerly UTC Services Limited, originally UTC Merchant Bank Limited, was incorporated in Trinidad and Tobago on 12 June 2006 under the Companies Act 1995. The Company remained dormant until 1 December 2011 when it was activated to acquire the loan portfolio of the Merchant Banking Department of the Trinidad and Tobago Unit Trust Corporation (the "Corporation").

The Company financed the acquisition of the loan portfolio by the issuance of bonds on 30 December 2011. The Company manages the loan portfolio, and the related contractual cash flows, so as to service the payment obligations associated with the bonds issued.

The Company is wholly owned by the Government of the Republic of Trinidad and Tobago.

The registered office of the Company is 2nd Floor, Trinidad and Tobago Unit Trust Building, Endeavour Road, Chaguanas.

2 Significant accounting policies

a. *Basis of measurement*

These financial statements have been prepared on a non-going concern basis in accordance with the accounting policies described in Note 2 (m).

There were no significant changes to the accounting policies, the carrying values of assets, liabilities or to income and expenses as a result of preparation of the financial statements on a non-going concern basis.

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

b. *Basis of preparation*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(i) *New standards, amendments and interpretations adopted by the Company*

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021 except for the adoption of new standards and interpretations noted below.

The Company applied for the first-time certain amendments and interpretations that are effective for annual periods beginning on or after 1 January 2021.

2 **Significant accounting policies (continued)**

b. *Basis of preparation (continued)*

(i) *New standards, amendments and interpretations adopted by the Company (continued)*

The nature and effect of these changes are described below. Although these new amendments and interpretations apply for the first time in 2021, they did not have a material impact on the financial statements of the Company. These are also described in more detail below. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

- Amendments to IFRS 9, IAS 39, IFRS 7 – Interest Rate Benchmark Reform (Phase 2) – Effective 1 January 2020
- Amendments to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021 – Effective 1 April 2021

  The amendments had no impact on the financial statements of the Company, as the Company has not entered into any hedging arrangements that are active in the financial year 2021.

(ii) *New standards, amendments and interpretations issued but not as yet effective for the financial year beginning 1 January 2021 and not early adopted by the Company.*

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current – Effective 1 January 2022
- Amendments to IAS 8 – Definition of Accounting Estimates – Effective 1 January 2023
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use – Effective 1 January 2022
- Amendments to IAS 37 – Onerous Contracts - Costs of Fulfilling a Contract – Effective 1 January 2022
- Amendments to IFRS 3 – Reference to the Conceptual Framework – Effective 1 January 2022
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies – Effective 1 January 2023
- IFRS 17, 'Insurance Contracts' – Effective 1 January 2023
- Annual improvements to IFRS standards 2018-2020 cycle, resulting in amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 – Effective 1 January 2022

c. *Presentation and functional currency*

The presentation and functional currency of the Company is Trinidad and Tobago dollars.

d. *Financial assets*

(i) *Classification and measurement of financial assets*

The classification requirements for debt instruments are described below.

2 Significant accounting policies (continued)

d. *Financial assets (continued)*

(i) *Classification and measurement of financial assets (continued)*

Debt instruments are those that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds.

Classification and measurement of securities is driven by the Company's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

All debt instruments are recognised at fair value through profit or loss (FVPL) at the reporting date.

(ii) *Initial recognition and subsequent measurement*

Financial assets are recognised when the entity becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company measures its financial asset or liabilities at their fair value plus or minus, in the case of a financial assets or liability not at FVPL, transaction costs that are incremental or directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at FVPL are expensed in profit or loss.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for debt instruments measured at fair value.

On initial recognition, the Company's receivables, other than interest receivables, are recognised at the transaction price net of transaction costs as the Company's receivables, other than interest receivables, have no significant financial component.

On initial recognition, the Company's interest and other receivables are measured at AC using a simplified approach whereby the lifetime ECL is recognised immediately.

(iii) *IFRS 9 Impairment of financial assets*

The Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost (AC). The impairment methodology applied depends on whether there has been a significant increase in credit risk.
For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) *Write-off of loans*

The Company's policy under IFRS 9 remains the same as it was under IAS 39. The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

i. ceasing enforcement activity; and
ii. where the Company's method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovery in full.

Subsequent recoveries on written-off loans are credited to other income.

2 Significant accounting policies (continued)

e. *Financial liabilities*

The Company's policy with respect to financial liabilities did not change on adoption of IFRS 9.

Initial recognition and measurement

Financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Classification and subsequent measurement

In the current period, the financial liabilities are carried at fair value.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expired).

f. *Revenue recognition*

Interest income

Interest income is recognised in the statement of comprehensive income for all interest-bearing instruments on an accrual basis using the effective interest method.

The Company recognises interest expense on all interest-bearing debt in issue using the effective interest rate method.

g. *Foreign currency transactions and balances*

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

h. *Offsetting financial instruments*

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously.

i. *Fair value*

The Company has measured the assets and liabilities at fair values, unless otherwise stated.

2 Significant accounting policies (continued)

i. *Fair value (continued)*

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.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. in the principal market for the asset or liability; or
ii. in the absence of a principal market, in the most advantageous market for the asset or liability.

j. *Taxation*

The Company is subject to corporation and other taxes in Trinidad and Tobago. Tax expense is recognised in the statement of comprehensive income. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates at the reporting date.

k. *Cash and cash equivalents*

Cash and cash equivalents are carried in the statement of financial position at fair value.

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand, deposits with banks and units in highly liquid mutual funds with fixed redemption prices.

l. *Expenses*

Expenses are accounted for on the accrual basis.

m. *Going concern*

In accordance with IAS 1 *Presentation of Financial Statements,* paragraph 25 and 26 states "When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern."

"In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The degree of consideration depends on the facts in each case. When an entity has a history of profitable operations and ready access to financial resources, the entity may reach a conclusion that the going concern basis of accounting is appropriate without detailed analysis.

2 Significant accounting policies (continued)

m. *Going concern (continued)*

In other cases, management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate."

IAS 10 *Events after the Reporting Period* states that "An entity shall not prepare its financial statements on a going concern basis if management determines after the reporting period either that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so".

The Company has two (2) remaining assets. On 30 June 2022, the collateral lands assigned to the Turks Development LP loan asset, which accounts for 99.96 percent of the remaining portfolio, was sold for US$16,500,000 and the net sale proceeds of US$15,526,332 was credited to the Company's account on 22 July 2022.

On 28 July 2022, TTUTC provided income support in lieu of debt forgiveness to the Company in the sum of US$425,000 and on 29 July 2022, the Company prepaid the principal on its Commercial Paper Instrument (CP) of US$15,749,296 and interest payment of US$114,292 in advance of the due maturity date of the CP on 31 December 2022.

Accordingly, the going concern basis has not been used in preparing the accounts for the year ended 31 December 2021 as the Company having completed its remit and achieved solvency, would seek the necessary approval from the Minister of Finance to be wound up voluntarily.

3 Significant accounting judgements, estimates and assumptions

The Company bases its estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments may change. Such changes are reflected in the assumptions when they occur. The key assumption concerning the future and of uncertainty at the reporting date that has a significant risk of causing a material adjustment within the next financial year is described below.

a. *Measurement of the expected credit loss allowance*

Entities are required to recognise 12-month ECL on initial recognition of the financial asset (or when the commitment or guarantee is entered into); and in all subsequent reporting periods during which the financial asset is held - as long as there is no significant deterioration in credit risk. Such assets are categorised as at Stage 1 of the impairment process.

If there has been a significant increase in the credit risk (SICR) of a financial asset, on an individual or collective basis, entities are required to recognise lifetime ECL. If such financial assets are not in default nor considered credit impaired, they are categorised as at Stage 2 of the impairment process. Refer to Note 4(i)(c) for information on SICR.

Lifetime ECL represents all possible default events over the expected life of a financial asset, whereas 12-month ECL represents the portion of ECL that results from default events that are possible within 12 months of the reporting date.

If a financial asset is considered in default and credit impaired, it is categorised by the Company as at Stage 3 in the impairment process (see Note 4(i)).

The estimation of the ECL under IFRS 9 for financial assets measured at fair value is an area that requires the use of significant judgment by Management. The estimates are the output of models driven by inputs, changes in which can result in different levels of allowance. The inputs into the ECL model under IFRS 9 that are considered accounting judgements and estimates include:

i. determination of associations/correlations between macro-economic scenarios and probabilities of default (PD), Exposure at Default (EAD), and Loss given Default (LGD);

ii. The estimation of the amount and timing of future cash flows and collateral values when determining impairment losses (see 3.b below);

iii. The internal credit rating model for assigning credit risk to corporate facilities;

iv. The criteria for assessing if there has been a significant increase in credit risk and if so the computation of allowances for financial assets that should be measured on a lifetime expected credit loss basis; and

v. The inclusion of overlay adjustments based on judgement and future expectations.

3 **Significant accounting judgements, estimates and assumptions (continued)**

b. *Discounting of loan collateral*

The present value of the loan collateral assets depends on a number of assumptions that are driven by several factors.

The assumptions used in determining the present value are the discount rate, collateral value and discount period. The discount rate is determined to be the original effective interest rate of the loan. The collateral values are based on external valuations from a panel of valuators or bid proposals received for the properties. The discount period is based on the type of property as follows:

i. Specialised property
ii. Non-specialised property

Specialised property: This relates to a regional property. The property was sold on 30 June 2022.

Non-specialised property: This relates to all properties located within Trinidad and Tobago. As at 31 December 2021, all collateral assigned to loan assets domiciled within Trinidad and Tobago have been fully discharged.

4 **Financial risk measurement**

General

The Company has established a comprehensive framework for managing risks. The Company's basic principles of risk management include:

i. Managing risk within the risk management policies and procedures approved by the Board; and

ii. Assessing risk initially and then consistently monitoring those risks through their life cycle.

The Board of Directors has ultimate responsibility for the management of the Company's risks. The Company's activities are primarily related to financial instruments. The main risks arising from the Company's financial instruments are:

i. Credit risk;
ii. Liquidity risk;
iii. Market risk;
  - Interest rate risk and
  - Foreign currency risk

(i) *Credit risk*

Credit risk is the risk of suffering financial loss should any of the Company's counterparties fail to fulfil their contractual obligations to the Company. Credit risk is the Company's single largest risk and arises mainly from the Company's loans and receivables.

(a) *Maximum exposure to credit risk*

The estimation of credit exposure for risk management 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, of the associated loss ratios and of default correlations between counterparties.

The Company's maximum credit exposure is shown in the table below.

	2021 $	2020 $
Cash and cash equivalents	5,345,493	6,685,239
Receivables	3,762	7,903
Loans (see analyses below)	428,651,107	463,509,474
Total	434,000,362	470,202,616

Cash and cash equivalents

The Company limits its credit exposure on its holdings of cash and cash equivalents by establishing banking relationships with reputable counterparties.

4 **Financial risk measurement (continued)**

(i) *Credit risk (continued)*

(a) *Maximum exposure to credit risk (continued)*

Loans

The Company's loan portfolio consists of two facilities. The Company categorises its loans into three categories based on the borrower's adherence to its loan covenants, namely: performing, under-performing and non-performing loans.

The table below analyses the Company's maximum credit exposure from loans at 31 December 2021 by performance category and stage in the impairment process.

Loan category	Stage in ECL Model	Principal outstanding $	Impairment allowance $	Carrying Value 2021 $	Value of Collateral Held $
Performing loans	Stage 1	--	--	--	--
Under-performing	Stage 2	--	--	--	--
Non-performing loans	Stage 3	428,651,107	(338,083,351)	90,567,756	163,259,198
Total		428,651,107	(338,083,351)	90,567,756	163,259,198

There were no transfers between Stages 1, Stage 2 or Stage 3 during the year (see Note 7).

The table below analyses the Company's maximum credit exposure from loans at 31 December 2020 by performance category.

Loan category	Stage in ECL Model	Principal outstanding $	Impairment allowance $	Carrying Value 2020 $	Value of Collateral Held $
Performing loans	Stage 1	196,047	--	196,047	115,175,554
Under-performing	Stage 2	--	--	--	--
Non-performing loans	Stage 3	463,313,427	(370,128,087)	93,185,340	163,259,198
Total		463,509,474	(370,128,087)	93,381,387	278,434,752

(b) *Expected credit loss measurement*

The Company measures credit risk for each financial instrument in its loan portfolio using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), as prescribed under IFRS 9 for measuring Expected Credit Loss (ECL) . IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition as outlined below:

4 Financial risk measurement (continued)

(i) *Credit risk (continued)*

(b) *Expected credit loss measurement (continued)*

- A financial instrument that is not credit impaired on initial recognition is classified as 'Stage 1' and has its credit risk continuously monitored.
- If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not deemed to be credit impaired. (See below for a description of how the Company determines when a significant increase in credit risk has occurred). At the reporting date the Company had no assets in Stage 2.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3' (see below for a description of how the Company defines credit-impaired and default).
- 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 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis. See below for a description of the assumptions and estimation techniques used in measuring the ECL.

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

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative have been met.

Quantitative criteria:

The remaining Lifetime PD at the reporting date has increased compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised.

Qualitative criteria

- Significant adverse changes in business, financial and /or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

Backstop criteria

A backstop is applied, and the financial instrument is considered to have experienced a significant increase in credit risk, if the borrower is more than 30 days past due on its contractual payments.

4 **Financial risk measurement (continued)**

(i) *Credit risk (continued)*

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

Management undertook SICR assessments for each of the loans in the Company's portfolio at 1 January 2021 and 31 December 2021 and estimated the probability of default of each of the loans at 100%.

(d) *Definition of default and credit impaired*

A financial asset is considered in default or credit impaired when it meets one or more of the following criteria:

Quantitative criteria

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

Qualitative criteria

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of the borrower's financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy

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

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

(e) *Measuring ECL – explanation of inputs, assumptions and estimation techniques*

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

4 Financial risk measurement (continued)

(i) *Credit risk (continued)*

(e) *Measuring ECL – explanation of inputs, assumptions and estimation techniques (continued)*

- The PD represents the likelihood of a borrower defaulting on its financial obligations (as per the "Definition of default and credit-impaired" above). Either over the next 12 months or over the remaining life (Lifetime PD) of the obligation.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime (Lifetime EAD). Where recovery of collateral forms part of the EAD calculation the legal and other costs of recovery are deducted from the expected recovery from the collateral.
- Loss given default (LGD) represents the Company's expectation of the extent of the loss on a defaulted exposure. LGD on the loans in the Company's portfolio varies with the estimate of amount recoverable on the collateral and is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12 moth or lifetime basis, where 12-month LGD is the percentage loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied and discounted to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by projecting a maturity profile for each exposure. The maturity profile looks at how defaults develop for each exposure from the point of initial recognition throughout the lifetime of the loans. The projection is based on both historical data and forward-looking information.

The 12-month and lifetime EADs are determined based on the expected payment profile for each loan based on contractual repayments owed, the borrower's repayment history and forward-looking information available to management.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post-default. These vary as follows:

- For secured products, this is primarily based on collateral type, projected collateral values, time to repossession and projected recovery costs.
- For unsecured products recoveries have been projected at zero.

(f) *Sensitivity analysis*

The most significant assumption affecting the ECL allowance is the recovery value projected for secured loans. Set out below are the changes to the ECL as at 31 December 2021 and 2020 that would result from reasonably possible changes in the projected recoveries from collateral.

% Change in discounted value of collateral	Decline by 25%	Increase by 10%
Change in ECL as at 31 December 2021	(TT$22.6 mn)	TT$9.1 mn
Change in ECL as at 31 December 2020	(TT$23.3 mn)	TT$9.3 mn

4 Financial risk measurement (continued)

(i) *Credit risk (continued)*

(f) *Sensitivity analysis (continued)*

The Company employs a range of policies and practices to mitigate credit risk. The most common of these is the sale of collateral for funds advanced. The Company closely monitors collateral held for financial assets considered credit impaired as it becomes more likely that the Company will take possession of collateral to mitigate potential credit losses.

The Company's loans are analysed by geographical location in the table below.

Territory	2021 $	2020 $
Turks and Caicos	90,558,690	93,185,340
St. Kitts and Nevis	9,066	196,047
Total	90,567,756	93,381,387

(ii) *Liquidity risk*

Liquidity risk is the risk that the Company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due or can access these only at excessive cost.

The Company's liquidity management focuses on ensuring that the Company has sufficient resources to meet all its obligations as they become due under both normal and stressed conditions without incurring excessive cost or risking its reputation. The Company aims to maintain its cash and cash equivalents at levels in excess of its expected cash outflows.

The table below summarises the maturity profile of the Company's financial liabilities at 31 December. These balances include interest to be paid over the remaining life of the liabilities.

	31 December 2021			
	Carrying amount	**Contractual Cash flows**	**Up to one year**	**Two to five years**
	$	**$**	**$**	**$**
Due to related parties	671,527	671,527	671,527	--
Accrued expenses	223,360	223,360	223,360	--
Accounts payable	106,504,614	106,504,614	106,504,614	--
	107,399,501	**107,399,501**	**107,399,501**	**--**

	31 December 2020			
	Carrying amount	**Contractual Cash flows**	**Up to one year**	**Two to five years**
	$	**$**	**$**	**$**
Due to related parties	590,065	590,065	590,065	--
Accrued expenses	293,732	293,732	293,732	--
Debt securities in issue	107,663,575	107,663,575	107,663,575	--
	108,547,372	**108,547,372**	**108,547,372**	**--**

4 **Financial risk measurement (continued)**

(iii) *Market risk*

Market risk is the risk that the fair value or future value of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates.

(a) *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

Management regularly reviews the relationship between the Company's assets and liabilities. The primary tool in use is interest rate sensitivity analysis.

An interest rate sensitivity analysis was performed to determine the impact on net profit of a reasonably possible change in the interest rate prevailing at 31 December with all other variables held constant. The principal impact on net profit is the effect of changes in interest rates on the floating rates of the Company's financial assets and liabilities.

		Impact on the profit or loss account	
	Change in basis points	**2021 $**	**2020 $**
Increase interest on floating rate loans			
Performing floating rate loan	+/- 25	--	--
Less: increased interest on Debt in issue			
Series A1 maturing 2021	+/- 25	--	--
Series A2 maturing 2021	+/- 25	--	--
Series B1 maturing 2021	+/- 25	--	--
Series B2 maturing 2021	+/- 25	--	--
Series B4	+/- 25	0	269,159
Total	+ / -	+ / - 0	+ / - 269,159

(b) *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to currency risk on interest earned on loans to customers denominated in foreign currency, loans to customers denominated in foreign currency and debt in issue denominated in foreign currency. The only foreign currency to which the Company is exposed is US dollars.

4 **Financial risk measurement (continued)**

(iii) *Market risk (continued)*

(b) *Foreign currency risk (continued)*

The tables below summarize the Company's foreign currency exposure and related sensitivity analysis.

	As at 31 December 2021		
	TT$	**TT$ equivalents of US$ financial instruments**	**Total**
Monetary assets			
Cash and cash equivalents	4,559,731	785,762	5,345,493
Receivables	3,719	43	3,762
Loans	--	90,567,756	90,567,756
Monetary liabilities			
Other payable	--	(106,504,614)	(106,504,614)
Net currency risk exposure	4,563,450	(15,151,053)	(10,587,603)
Reasonably possible change in currency rate		1%	
Effect on profit before tax		151,511	

	As at 31 December 2020		
	TT$	**TT$ equivalents of US$ financial instruments**	**Total**
Monetary assets			
Cash and cash equivalents	4,788,612	1,896,627	6,685,239
Receivables	7,733	170	7,903
Loans	--	93,381,387	93,381,387
Monetary liabilities			
Debt in issue	-	(107,663,575)	(107,663,575)
Net currency risk exposure	4,796,345	(12,385,391)	(7,589,046)
Reasonably possible change in currency rate		1%	
Effect on profit before tax		123,854	

(iv) *Financial instruments where carrying value is equal to fair value*

Due to their short-term maturity, the carrying value of certain financial instruments is assumed to approximate their fair values. These include cash and cash equivalents and interest receivable on loans.

The fair value of loans and debt in issue is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed are categorised within the fair value hierarchy, described below, based on the lowest level input that is significant to the fair value measurement as a whole.

4 Financial risk measurement (continued)

(iv) *Financial instruments where carrying value is equal to fair value (continued)*

Level 1

Included in the level 1 category are financial assets and liabilities that are measured using quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2

Included in the level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable market transactions.

Level 3

Included in the level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine price. These financial instruments are held at cost, being the fair value of the consideration paid on acquisition. These assets are regularly assessed for impairment.

Where the Company's financial assets are not traded in an active market, the fair value is determined using discounted cash flow analysis, which requires considerable judgement in interpreting data and developing estimates. Accordingly, estimates contained herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated values.

There are no financial instruments subsequently measured and carried at fair value as at the end of the current and prior financial years.

Capital management

The capital of the Company is represented by the Company's assets. The Company's objective when managing capital is to safeguard its ability to continue as a going concern. The Board of Directors and Management monitor capital on the basis of the value of the assets of the Company.

5 Cash and cash equivalents

	2021 $	2020 $
Trinidad and Tobago Unit Trust Corporation (TTUTC)		
– TT$ Income Fund account	4,559,731	4,788,612
– US$ Income Fund account	779,867	1,093,637
First Citizens Bank Limited – US Dollar account	5,895	802,990
	5,345,493	6,685,239

The TT$ Income Fund and the US$ Income Fund have fixed net asset values and are accessible on demand.

6 Receivables

Receivables consist of the following:	2021 $	2020 $
Interest receivable - deposits	3,719	7,733
Interest receivable net of provision – loans and advances	43	170
	3,762	7,903

Interest receivable net of provision - loans and advances represent interest on loans acquired on 30 November 2011 which consists of:

i. Interest receivable on performing loans; and
ii. Interest on non-performing loans.

Full provision has been made against interest receivable on non-performing loans as shown in the tables below.

	Interest receivable net of provision- loans and advances at 31.12.2021		
	Stage 1 (Performing) $	Stage 3 (Non-performing) $	Total $
Interest receivable at 31.12.21	43	43,279,858	43,279,901
ECL allowance at 31.12.21	--	(43,279,858)	(43,279,858)
	43	--	43

	Interest receivable net of provisions - loans and advances at 31.12.2020		
	Performing $	Non-performing $	Total $
Interest receivable at 31.12.20	170	47,147,429	47,147,599
ECL allowance at 31.12.20	--	(47,147,429)	(47,147,429)
	170	--	170

7 Loans to customers

Loans and advances represent the principal balances outstanding on loans. The outstanding balances are categorised as either:

i. Stage 1 – performing loans;
ii. Stage 2 – under performing loans; or
iii. Stage 3 – non-performing loans.

Provision has been made against the principal on non-performing loans based on the Company's ECL and impairment models as shown in the tables below. Details of the ECL and impairment models are provided in Note 2 (b) and Note 4.

	Loans net of ECL allowances at 31.12.2021			
	Stage 1 **$**	**Stage 2** **$**	**Stage 3** **$**	**Total** **$**
Principal outstanding at 31.12.21	--	--	428,651,107	428,651,107
ECL allowance at 31.12.21	--	--	(338,083,351)	(338,083,351)
	--	--	90,567,756	90,567,756

	Loans net of ECL allowances at 31.12.2020			
	Stage 1 **$**	**Stage 2** **$**	**Stage 3** **$**	**Total** **$**
Principal outstanding at 31.12.20	196,047	--	463,313,427	463,509,474
ECL allowance at 31.12.20	--	--	(370,128,087)	(370,128,087)
	196,047	--	93,185,340	93,381,387

There were no transfers between Stages 1, Stage 2 or Stage 3 during the year. The reduction in principal outstanding arose from the repayment of one loan asset in the sum of $2.37 million and the write-off of four loan assets in the aggregate sum of $32.47 million.

8 Related party transactions

An entity is considered related to a reporting entity *inter alia* if it provides key management personnel services to the reporting entity. The Corporation provides key management personnel services to the Company under a Services Agreement. The transactions between the Company and the Corporation, which were carried out on commercial terms, at market rates under the Services Agreement, are summarised below.

	2021 $	2020 $
Interest expense	1,781,775	2,056,376
Salaries and administrative expenses	2,377,642	2,320,080
Service fees	22,406	27,292
	4,181,823	4,403,748

The balance due by the Company to the Corporation at 31 December 2021 was $107,176,141 (2020: $108,253,640) as shown below.

8 Related party transactions (continued)

	2021 $	2020 $
Salaries	363,215	363,215
Reimbursable expenses	208,055	208,055
Other administrative expenses	100,257	18,795
	671,527	590,065
Other payable	106,504,614	--
Debt securities in issue (see Note 9)	--	107,663,575
	107,176,141	108,253,640

The Company operates two mutual fund accounts with the Corporation. The balances on the accounts at 31 December are shown below.

Trinidad and Tobago Unit Trust Corporation – TT Dollar Income Fund	4,559,731	4,788,612
Trinidad and Tobago Unit Trust Corporation – US Dollar Income Fund	779,867	1,093,637
	5,339,598	5,882,249

A person who is a member of the key management of the reporting entity is a related party of the reporting entity. Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the entity.

Key management personnel compensation comprises:

Short-term employee benefits

Directors	330,000	308,000
Senior management	924,783	867,221
	1,254,783	1,175,221

There were no amounts due from key management at 31 December 2021 (2020: NIL).

9 Debt securities in issue

On 30 December 2011, the Company issued bonds totalling approximately TT$2.7 billion to finance the acquisition of the debt portfolio of the Merchant Banking Department of the Corporation. The bonds are all repayable in full on 30 December 2021.

The Company, in accordance with the provisions of the Trust Deed and Bond Agreements, has exercised its option to pre-pay portions of the bonds. The original borrowing, the prepayments to 31 December 2021 and 2020, together with the balances on those dates are shown in the tables below. The fair values of the bonds as at 31 December 2021 is also shown.

9 Debt securities in issue (continued)

	Debt in issue at 31 December 2021						
	Original Principal Value TT$	Less prepay-ments TT$	Foreign Exchange Adjustment TT$	Debt Restructuring / forgiveness TT$	Fair Value gains/(losses) TT$	Interest Payable TT$	Fair Value of Bond
Secured							
Series A1 maturing 2021	167,475,898	(167,475,898)	–	–	–	–	–
Series A2 maturing 2021	439,613,569	(439,613,569)	–	–	–	–	–
Series B1 maturing 2021	510,545,966	(486,024,102)	–	(24,521,864)	–	–	–
Series B2 maturing 2021	1,461,055,174	(1,104,474,013)	(139,801)	(354,939,662)	(1,501,698)	–	–
Series B4	99,999,995	(106,504,614)	6,182,356	–	322,263	–	–
Total	2,678,690,602	(2,304,092,196)	6,042,555	(379,461,526)	(1,179,435)		–

	Debt in issue at 31 December 2020						
	Original Principal Value TT$	Less prepay-ments TT$	Foreign Exchange Adjustment TT$	Debt Restructuring / forgiveness TT$	Fair Value gains TT$	Interest Payable TT$	Fair Value of Bond
Secured							
Series A1 maturing 2021	167,475,898	(167,475,898)	–	–	–	–	–
Series A2 maturing 2021	439,613,569	(439,613,569)	–	–	–	–	–
Series B1 maturing 2021	510,545,966	(486,024,102)	–	(24,521,864)	–	–	–
Series B2 maturing 2021	1,461,055,174	(1,104,474,013)	(139,801)	(354,939,662)	(1,501,698)	–	–
Sub-total	2,578,690,607	(2,197,587,582)	(139,801)	(379,461,526)	(1,501,698)		–
Secured and guaranteed							
Series B4	99,999,995	–	6,486,360	–	1,177,220	–	107,663,575
Total	2,678,690,602	(2,197,587,582)	6,346,559	(379,461,526)	(324,478)	–	107,663,575

Interest is payable semi-annually in arrears at floating rates. The floating rates of interest applicable in 2021 and 2020 are presented in the table below.

Series	Jan to June 2021 %	July to Dec 2021 %	Jan to June 2020 %	July to Dec 2020 %
Secured				
Series A1 maturing 2021	1.00	1.00	1.00	1.00
Series A2 maturing 2021	1.65	1.65	1.65	1.65
Series B1 maturing 2021	1.00	1.00	1.00	1.00
Series B2 maturing 2021	1.65	1.65	1.65	1.65
Securities and guaranteed				
Series B4	1.65	1.65	1.65	1.65

10 Share capital

The Company is authorised to issue one class of share of an unlimited number designated as ordinary shares. On 30 November 2011, the Company issued one ordinary share. The registered and beneficial owner of the one share in issue, which has been fully paid up, is the Minister of Finance (Corporation Sole).

11 Operating expenses

	2021 $	2020 $
Salaries and administrative expenses	2,142,040	2,084,478
Office rental	198,240	198,240
Equipment rental	37,362	37,362
Service fee	22,406	27,292
Consultancy fee	266,403	194,339
Audit fee	268,875	268,875
Board fees	330,000	308,000
Bank charges	2,101	2,311
Other operating expenses	244,652	395,527
Penalties	--	1,000
Green fund levy	2,359	477
Business levy	4,719	954
Exchange translation loss	1,137	(12,588)
	3,520,294	3,506,267

12 Taxation

	2021	2020
(Loss)/profit	(3,959,215)	70,548,233
Less: Other income – bond forgiveness	--	(67,860,907)
Add: Green fund and business levies	7,078	1,431
Adjustment through brought forward losses	--	(2,688,757)
Current year tax loss	(3,952,137)	--
Corporation tax at 25%	--	--

The Company has computed its total tax losses at 31 December 2021 at $332,600,329 (2020: $328,330,224). Management estimates that the future profits against which the tax losses may be set-off will be insignificant in comparison with the tax losses available to the Company. No deferred tax asset has been recognised.

13 Other income

i. During 2021, the Company received the proceeds of sale of a property captured under a judgment registered against a Borrower in the sum of $3.85 million which had on outstanding loan balance of TT$3.12 million inclusive of principal and interest. The resulted in a gain of TT$0.73 million that has been recognised as other income.

ii. The debt securities in issue were repaid on 31 December 2021. The debt securities were carried at fair value but were repaid at its nominal value resulting in the recognition of a fair value gain of TT$1.2 million.

14 Contingent liabilities

The Company had no contingent liabilities as at 31 December 2021 (2020: Nil)

15 Capital commitments

The Company had no capital commitments at 31 December 2021 (2020: Nil).

16 Events after the reporting period

i. On 1 January 2022, PCML issued a 1.25 percent one-year Commercial Paper Instrument (CPI) in the amount of US$15,749,296 for the purpose of repaying the series B4 Floating Rate Bonds which matured on 30 December 2021. The CPI was secured by a partial Government Guarantee limited to the US$ equivalent of TT$100,000,000. A Letter of Guarantee was issued on 30 December 2021.

ii. On 3 March 2022, the Board approved a 45-day extension of the Buyer's due diligence on the Company's last loan facility, namely, the Turks Development LP loan asset to 25 April 2022, with legal and financial closure by 30 June 2022.

iii. On 30 June 2022, the collateral lands assigned to the Company's last loan asset was sold for US$16.50 million and the net sale proceeds of US$15,526,332 was credited to PCML's account on 22 July 2022.

iv. On 28 July 2022, TTUTC provided income support in lieu of debt forgiveness to PCML in the sum of US$425,000 and on 29 July 2022, the Company prepaid the principal on its CP of US$15,749,296 and interest payment of US$114,291.77 in advance of the due maturity date of the CP on 31 December 2022.