CrichtonMullings & ASSOCIATES

Certified Public Accountants | Chartered Accountants | Consultants

tTECH LIMITED

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the members of

tTECH LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of tTech Limited (the "Company"), which is comprised of the statement of financial position as at December 31, 2022, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Jamaican Companies Act (the "Act").

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Independent Auditor's Report (cont'd)

To the members of

tTECH LIMITED

Key audit matters (cont'd)

Key audit matters	How the matter was addressed in our audit
1) Revenue from contracts with customers Notes 3 (ii), Use of estimates and judgements under the section "*Revenue recognition under IFRS 15",* details Management's judgements, when applying the five (5) step approach outlined by the standard. The standard also requires management to identify the performance obligations in a bundled sale of equipment and installation services and determine the timing of satisfaction of the performance obligations. It also requires management to determine whether it acts as a principal or agent in executing the contracts and if there are significant financing components included in the promised payment amounts.	We have obtained and reviewed management's assessment and understood the underlying assumptions used to support the calculations as required by IFRS 15. We also evaluated the appropriateness of the Company's revenue recognition policy in relation to the requirements of the standard. We reviewed management's computations and independently reviewed a sample of contracts and evaluated them in accordance with the five (5) step approach as follows: i. We obtained and reviewed signed contracts to validate that legitimate contracts exist with customers, ii. We identified the relevant performance obligations as stipulated by the contracts, iii. We verified the transaction prices that are explicitly stated in the contracts associated with the relevant performance obligations, iv. We obtained and reviewed invoices on a sample basis, along with supporting reports confirming evidence of work carried out and performance obligations met. Additionally, where bundled services were offered, we assessed whether the transaction price should be allocated to each performance obligation, v. Based on the above, we verified that revenue was properly recognized in the correct period. We also assessed management's assertion that the Company acts as a principal for the equipment sold as they exercise control over the related assets, including warranties and software licenses, purchased from third parties and resold to customers. We also reviewed the disclosures for appropriateness in accordance with IFRS 15.

Independent Auditor's Report (cont'd)

To the members of
tTECH LIMITED

Key audit matters (cont'd)

Key audit matters	How the matter was addressed in our audit
2) Allowance for expected credit losses As described in Notes 3 (i), 7, and 20, and in accordance with IFRS 9 – 'Financial Instruments', the Company applies the simplified approach to computing expected credit losses ('ECLs') on trade receivables and other related assets and the general approach for debt instruments. The measurement of ECLs requires management to consider its historical credit loss experience and current business conditions, adjusted for forward-looking factors such as economic indicators, which may impact a debtor's ability to pay. Where the general approach is applied, judgement is used in determining whether there has been a significant increase in credit risk and estimating the probability of default and the loss given default. The ECLs being recorded are therefore considered to be highly subjective.	Our audit procedures to address the key audit matter relating to allowance for expected credit losses included the following: • We evaluated the techniques and methodologies developed by the Company in order to estimate the ECLs, and assessed their compliance with the requirements of IFRS 9. • We assessed the reasonableness of the methodologies and assumptions applied, by validating the completeness of the inputs used to derive the loss rates, which are integral to the provision matrix used in determining the ECLs for trade receivables. • For financial assets classified as debt instruments, we corroborated management's assumptions with data from external sources, particularly with respect to the determination of whether there has been a significant increase in credit risk, probabilities of default and loss given default rates. We also assessed the adequacy of disclosures in the financial statements.

Other matter

The financial statements of the Company as at and for the year ended 31 December 2021 were audited by another firm of auditors whose report, dated March 31, 2022, expressed an unmodified opinion on those statements.

CrichtonMullings & ASSOCIATES

Certified Public Accountants | Chartered Accountants | Consultants

To the members of
tTECH LIMITED

Responsibilities of management and those charged with governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Act, 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.

The Board of Directors is 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.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is located at pages 5-6, forms part of our auditor's report.

Report on additional matters as required by the Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor's report is Leary Mullings.

CrichtonMullings & Assoc.

CrichtonMullings & Associates
Chartered Accountants

Kingston, Jamaica
March 1, 2023

Independent Auditor's Report (cont'd)

To the members of
tTECH LIMITED

Appendix to the independent auditor's report

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

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

We communicate with the Board of Directors 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.

Independent Auditor's Report (cont'd)

To the members of
tTECH LIMITED

Appendix to the independent auditor's report (cont'd)

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

tTECH LIMITED
STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2022
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2022 $'000	2021 $'000
Current assets			
Inventories	5	5,680	1,518
Contract assets	6	20,695	26,337
Tax recoverable		-	884
Accounts receivable	7	78,344	68,433
Other receivables	8	12,951	17,428
Investments	9	29,044	28,485
Government securities purchased under resale agreements	10	72,791	87,710
Cash and bank balances	11	30,823	36,389
		250,328	267,184
Current liabilities			
Accounts payable	12	41,335	40,847
Contract liabilities	13	2,493	3,323
Lease liability (current portion)	14	2,283	1,959
		46,111	46,129
Net current assets		204,217	221,055
Non-current assets			
Deferred tax asset	15	2,292	1,068
Property and equipment	16	12,742	12,947
Intangibles	17	596	304
Right-of-use asset	14	19,226	22,235
Investments	9	3,649	10,158
		38,505	46,712
Non-current liability			
Long-term lease liability	14	23,764	25,940
Net non-current assets		14,741	20,772
Total net assets		218,958	241,827
Shareholders' equity			
Share capital	18	51,727	51,727
Unappropriated profit		167,231	190,100
		218,958	241,827

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

The financial statements were approved and authorised for issue by the Board of Directors on March 1, 2023 and are signed on its behalf by:

....

Edward Alexander – Chairman Norman Chen - Director

tTECH LIMITED
STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2022
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2022 $'000	2021 $'000	
Revenue from contracts with customers	19	374,221	392,160	
Direct costs	20	(226,226)	(218,444)	*
Gross profit		147,995	173,716	
Other (losses) / gains	21	(1,311)	17,170	
Administrative expenses	20	(144,701)	(147,379)	*
Other operating expenses	20	(26,676)	(34,983)	
Operating (loss) / profit		(24,693)	8,524	
Finance income	23	2,690	1,938	
Finance cost	24	(2,090)	(2,286)	
(Loss) / Profit before taxation		(24,093)	8,176	
Taxation	26	1,224	45	
NET (LOSS) / PROFIT, BEING TOTAL COMPREHENSIVE (EXPENSE) /INCOME FOR THE YEAR		(22,869)	8,221	
Net (loss) / profit attributable to owners		(22,869)	8,221	
(Loss) / Earnings per share	29	$(0.22)	$0.08	

- Restated to conform to current year presentation

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

tTECH LIMITED
STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000 (Note 18)	Unappropriated Profit $'000	Total $'000
Balance at 1 January 2021		51,727	187,497	239,224
Net profit, being total comprehensive income for the year		-	8,221	8,221
Dividends	30	-	(5,618)	(5,618)
Balance at 31 December 2021		51,727	190,100	241,827
Net loss, being total comprehensive expense for the year		-	(22,869)	(22,869)
Balance at 31 December 2022		51,727	167,231	218,958

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

tTECH LIMITED
STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2022 $'000	2021 $'000
Cash flows from operating activities			
Net (loss) / profit for the year		(22,869)	8,221
Adjustments for:			
Allowance for expected credit losses	20	4,185	4,760
Depreciation – Right-of-use asset	14,20	3,009	3,067
Depreciation charge	16,20	5,739	5,506
Amortization	17,20	221	346
Loss on disposal of equipment	21	-	313
Dividend income	21	(87)	(126)
Foreign exchange gain	21	2,448	(8,608)
Tax credit	26	(1,224)	(45)
Depreciation / (Appreciation) in fair value of equity investments	21	987	(398)
Interest income	23	(2,690)	(1,938)
Interest expense - lease liability	14,24	2,090	2,286
Operating cash flows before movements in working capital		(8,191)	13,384
Inventories		(4,162)	1,897
Contract assets		5,642	7,083
Accounts receivable		(14,097)	79
Other receivables		5,361	(3,235)
Accounts payable		1,201	(2,487)
Contract liabilities		(830)	(1,929)
		(15,076)	14,792
Dividend received		87	126
Interest received		2,643	1,970
Interest paid - lease liability		(2,090)	(2,286)
		(14,436)	14,602
Taxation paid		(714)	(1,907)
Net cash flows (used in) / provided by operating activities		(15,150)	12,695
Cash flows from investing activities			
Additions to property and equipment	16	(5,534)	(5,555)
Additions to intangibles	17	(513)	(313)
Investments		6,699	(2,124)
Cash provided by / (used in) investing activities		652	(7,992)
Cash flows from financing activity			
Payment of lease liability- principal portion	14	(1,852)	(1,537)
Dividends paid	30	-	(5,618)
Cash used in financing activities		(1,852)	(7,155)
Decrease in cash and cash equivalents carried forward		(16,350)	(2,452)

tTECH LIMITED
STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2022 $'000	2021 $'000
Decrease in cash and cash equivalents brought forward		(16,350)	(2,452)
Effect of exchange rate on cash and cash equivalents		(2,457)	8,608
Cash and cash equivalents at beginning of the year		122,421	116,265
Net cash and cash equivalents at end of the year		103,614	122,421
Comprised of:			
Cash and bank balances	11	30,823	33,840
Short term investments	10	72,791	88,581
Net cash and cash equivalents at end of the year		103,614	122,421

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

1. IDENTIFICATION

tTech Limited (the "Company") is a limited liability company, which is incorporated under the Jamaican Companies Act and is domiciled in Jamaica with registered office located at 69½ Harbour Street, Kingston, Jamaica.

The principal activity of the Company is that of information technology service providers and consultants. On 7 January 2016, the Company's ordinary shares were listed on the Junior Market of the Jamaica Stock Exchange.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of compliance
These financial statements have been prepared in accordance and comply with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act ("the Act").

(b) Adoption of new and revised International Financial Reporting Standards
The Company did not have any first-time adoption of any standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards and interpretations adopted during the year

Amendments to IAS 1, Presentation of financial statements, on the classification of liabilities, (effective for annual periods beginning on or after 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting periods. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The Company is currently assessing the impact of this amendment.

Amendments to IFRS 3, IAS 16, IAS 37, and some annual improvements on, IFRS 9 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to, IFRS9, 'Financial instruments' and the Illustrative examples accompanying IFRS 16, 'Leases'. The Company is currently assessing the impact of this amendment.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

Standards and interpretations adopted during the year (continued)

New, revised and amended standards and interpretations that are not yet effective

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Company's financial statements. These standards and interpretations may be applicable to the Company at a future date and will be adopted when they become effective. The Company is currently assessing the impact of adopting these standards and interpretations.

Amendments to IAS 8 – Definition of Accounting Estimates (effective 1 January 2023)

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates.

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the IASB. The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

These amendments are effective for annual periods beginning on or after 1 January 2023. Management has not yet assessed the impact of these amendments on the financial statements of the Company.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Polices

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy

Earlier application of the amendments to IAS 1 is permitted as long as this fact is disclosed. The amendments may impact the accounting policy disclosures of entities. Determining whether accounting policies are material or not requires the use of judgement. Therefore, entities are encouraged to revisit their accounting policy information disclosures to ensure consistency with the amended standard.

The Company will assess the impact of this amendment for adoption at the effective date for annual periods beginning on or after 1 January 2023.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

New, revised and amended standards and interpretations that are not yet effective (continued)

Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (continued)

Right to defer settlement
The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

Existence at the end of the reporting period
The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

Management expectations
IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Meaning of the term 'settlement'
The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current.

Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current. Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

The Company will assess the impact of this amendment for adoption at the effective date for annual periods beginning on or after 1 January 2023.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

New, revised and amended standards and interpretations that are not yet effective (continued)

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Company will assess the impact of this amendment for adoption at the effective date for annual periods beginning on or after 1 January 2023.

(c) Basis of preparation

The Company’s financial statements have been prepared on the historical cost basis, except for revaluation of financial assets classified as fair value through profit or loss that are measured at revalued amounts or fair values as explained in the accounting policy at Note 4(b). Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are presented in Jamaican dollars ($), which is the functional currency of the Company.

3. ESTIMATES AND JUDGEMENTS

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Allowance for expected credit losses

The Company uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables. The provision rates are based on days past due for various ageing buckets and the related loss patterns. The provision matrix is initially based on the Company's historical observed default rates.

The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product, inflation and foreign exchange rates) are expected to deteriorate over the next year which can lead to an increased number of defaults in the technology sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Notes 7 and 28.

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. ESTIMATES AND JUDGEMENTS (CONTINUED)

(i) Allowance for expected credit losses (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

As described above, for trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

At year end, cash and cash equivalents had a gross carrying value of $28.17 million (2021: $33.84 million) with an impairment provision of $0.35 million (2021: $0.45 million) (Note 11). Government securities purchased under resale agreements had a gross carrying amount of $73.52 million (2021: $88.50 million) with an impairment provision of $0.72 million (2021: $0.87 million) (Note 10). Accounts receivable had a gross carrying amount of $92.02 million (2021: $79.21 million) for which an impairment provision of $13.67 million (2021: $10.78 million) was recognised (Note 7). Debt instruments at amortised cost had a gross carrying amount of $29.32 million (2021: $28.73 million) for which an impairment provision of $0.32 million (2021: $0.27 million) (Note 9). Contract assets had a gross carrying amount of $22.14 million (2021: $27.78 million) with an impairment provision of $1.44 million (2021: $1.44 million) (Note 6).

(ii) Revenue recognition under IFRS 15- Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying performance obligations in a bundled sale of equipment and installation services*
  The Company determined that both the equipment and installation are combined and not sold separately except on rare occasions where a customer only requires either the equipment or installation services alone. The Company also determined that the promises to transfer the equipment and to provide installation are grouped within the context of the contract. The equipment and installation are inputs to a combined item in the contract.

3. ESTIMATES AND JUDGEMENTS (CONTINUED)

(ii) Revenue recognition under IFRS 15- Revenue from contracts with customers (continued)

- *Identifying performance obligations in a bundled sale of equipment and installation services (continued)* The Company is providing a significant integration service because the presence of the equipment and installation together in this contract result in additional or combined functionality. In addition, the equipment and installation are highly interdependent or highly interrelated, because the Company would not be able to transfer the equipment if the customer declined installation.

- *Determining the timing of satisfaction of installation and maintaining equipment services*
  The Company concluded that revenue for installation, maintaining the equipment and information technology system services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Company.

  The fact that another entity would not need to re-perform the installation that the Company provided demonstrates that the customer simultaneously receives and consumes the benefits of the Company's performance as it performs. The Company determined that the input method is the best method in measuring progress of the installation services because there is a direct relationship between the Company's effort (i.e., labour hours incurred) and the transfer of service to the customer.

  The Company recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service, and the number of equipment units serviced.

- *Principal versus agent considerations*
  The Company enters into contracts with its customers to acquire, on their behalf, equipment produced by foreign suppliers. Under these contracts, the Company provides procurement services (i.e., coordinating the selection of suitable suppliers and managing the ordering and delivery of the imported equipment).

  The Company determined that it controls the goods before they are transferred to customers, and has the ability to direct the use of the equipment or obtain benefits from the equipment. The following factors indicate that the Company controls the goods before they are being transferred to customers. Therefore, the Company determined that it is the principal in these contracts.

  - The Company is primarily responsible for fulfilling the promise to provide the specified equipment. i.e., is responsible for ensuring the equipment is acceptable and meets the customers' specification.
  - The Company has inventory risk before the specified equipment has been transferred to the customer.
  - The Company has discretion in establishing the price for the specified equipment or service.

3. ESTIMATES AND JUDGEMENTS (CONTINUED)

(iii) Fair value of financial instruments

As described in Note 28(b), management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets. Valuation techniques commonly used by market practitioners supported by appropriate assumptions are applied by the Company.

The financial assets of the Company at the end of the reporting period stated at fair value determined in this manner amounted to $3.65 million (2021: $10.15 million) (Note 9).

Had the fair value of these securities been 6% (2021: 5%) higher or lower the profit or loss for the Company would increase/decrease by $0.22 million (2021: $0.51 million).

(iv) Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the IBR used by the Company is the lending rate offered by its banker for similar secured borrowing.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Current vs. non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.
The fair value of an asset or a liability 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. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(c) Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities. Financial assets and liabilities are recognised on the Company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss where such costs are recognised immediately in profit or loss), as appropriate, on initial recognition.

The fair values of financial instruments are discussed in Note 28(b). Listed below are the Company's financial assets and liabilities and the specific accounting policies relating to each:

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL). Financial assets are recognised and derecognised on trade date where the purchase or sale of the instrument is under a contract whose terms require delivery of the instrument within the timeframe established by regulation or convention in the market place.

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies debt instruments only when its business model for managing those assets changes.

(i) *Financial assets at FVTPL*

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis: or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset and liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income', if any. Fair value is based on realisable prices derived by valuation techniques that are quoted by the financial institution at the end of the reporting period. The Company's portfolio of financial assets FVTPL is comprised of investments in quoted shares.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

Financial assets (continued)

(ii) *Financial asset at amortised cost*

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's portfolio of financial assets at amortised cost is comprised of certificate of deposits, repurchase agreements, accounts receivables, and cash and cash equivalents.

(iii) *Financial assets at fair value through OCI*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(iv) *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. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

Financial assets (continued)

(iv) *Impairment of financial assets* (continued)

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(v) Derecognition *of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the company retains control), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

Financial liabilities and equity instruments

(i) *Classification as debt or equity*

Debt and equity instruments issued by the Company are classified according to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(iii) *Other financial liabilities*

Other financial liabilities are initially measured at fair value, net of transaction costs (where applicable). They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except for short-term liabilities when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums and discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company's financial liabilities comprise accounts payable balances and contract liabilities.

(iv) *Derecognition of financial liabilities*

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and highly liquid financial assets with original maturities of 90 days or less, which are subject to an insignificant risk of changes in value.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Government securities purchased under resale agreements

Securities purchased under resale agreements (“reverse repos”) are short-term transactions whereby an entity buys securities and simultaneously agrees to resell the securities on a specified date and at a specific price. Title to the security is not actually transferred unless the counter-party fails to comply with the terms of the contract.

Reverse repos are accounted for as short-term collateralized lending, classified as debt instruments at amortised cost.

The difference between the sale and repurchase considerations is recognised on an accrual basis over basis over the period of the transaction and is included in interest income.

(f) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(g) Property and equipment

Property and equipment held for use in the supply of services, or for administrative purposes, are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is recognised so as to write off the cost of property and equipment less residual values, over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and carried at cost less any accumulated amortisation and accumulated impairment losses. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of non-current assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset maybe be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generated unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(j) Related party transactions and balances

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

(A) A person or a close member of that person's family is related to the Company if that person:
   (i) has control or joint control over the Company;
   (ii) has significant influence over the Company; or
   (iii) is a member of the key management personnel of the company or of a parent of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Related party transactions and balances (continued)

(B) An entity is related to the company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the Company.
- (vi) The entity is controlled, or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(k) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs comprise expenses incurred in bringing each product to its present location and condition are accounted for on first in/first out basis.

(m) Revenue recognition

Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3(ii). Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue recognition (continued)

Sale of equipment
Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally due within 10 days from delivery of the equipment. The transaction price is specified in the contract.

Installation services
The performance obligation is satisfied over-time and payment is generally due upon completion of installation and acceptance of the customer.

Contracts for bundled sales of equipment and installation
Installation services are in instances bundled together with the sale of equipment to a customer. The Company accounts for the equipment and installation service as one deliverable within bundled sales with specified transaction prices for equipment and installation services.

Accordingly, the Company allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.

The Company recognises revenue from installation services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from the sale of the equipment are recognised at a point in time, generally upon delivery of the equipment.

Procurement services
The Company is a principal and records revenue on a gross basis as it controls the promised goods or services before transferring them to the customer. The performance obligation is satisfied, and payment is due upon receipt of the goods or services by the customer.

Warranty
For all IP phones sold, one-year warranty is provided to customers for manufacture defects that may have existed at the time of sale. The warranty is not a separate performance obligation on the part of the Company as it is directly charged to the manufacturer. The extent of the performance obligation for the Company under the warranty service agreement is to transfer the defective part/unit back to the manufacturer and facilitate a transportation of a replacement part/unit. The performance of the obligation is satisfied upon delivery of finished goods is generally due before, or at the time of, delivery.

(n) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the Board of Directors which is the entity’s Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Segment reporting (continued)

Based on the information presented to and reviewed by the CODM, the operations of the Company are considered as one operating segment.

(o) Foreign currencies

The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the Company operates (its functional currency). In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences on monetary items, are recognised in profit or loss in the period in which they arise.

(p) Finance costs

Finance costs comprise interest payable on borrowings as well as any discount arising from applying the time value of money to current obligations calculated using the effective interest rate (EIR) method. The EIR amortisation is included as finance costs in the statement of comprehensive income.

(q) Leased assets

The Company is a lessee under the agreement for the leased premises utilized for its corporate office. The Company determines whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Company must have the right to direct the use of the asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Leased assets: (continued)

i) *Right-of use assets*

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Company should have the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

ii) *Lease liability*
At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments expected to be payable and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

(r) Reclassification

Certain balances have been reclassified to accord with the current year's presentation. These reclassifications had no impact on the Company's financial position, financial performance or cash flows.

5. INVENTORIES

	2022 $'000	2021 $'000
Equipment for resale	5,680	1,518

Inventory represents purchases of equipment for resale. During 2022, $36.65 million (2021: $17.82 million) was recognized as an expense in cost of sales related to inventory purchases.

6. CONTRACT ASSETS

Contract assets represent purchases of equipment including related third-party charges and licences based on contracts with customers, to be billed at a later date. As at 31 December 2022, the Company has contract assets of $20.69 million (2021: $26.33 million) which is net of an allowance for expected credit losses of $1.44 million (2021: 1.44 million).

7. ACCOUNTS RECEIVABLE

	2022 $'000	2021 $'000
0 - 30 days	50,838	51,245
31- 60 days	6,738	1,937
61 - 90 days	4,069	6,488
91 - 180 days	16,270	8,079
181 - 365 days	9,041	3,797
Over 365 days	5,061	7,665
	92,017	79,211
Allowance for expected credit losses	(13,673)	(10,778)
	78,344	68,433

Trade receivables are non-interest bearing and are generally on terms of 10 days. Included in receivables are debtors with the carrying amount of $36.18 million (2021: $20.30 million) which are past due but not impaired at the reporting date (Note (7) (iii).

(i) Movement in provision for expected credit losses:

	2022 $'000	2021 $'000
Balance at beginning of year	10,778	7,501
Provision for expected credit losses on accounts receivable	2,895	3,277
Balance at end of year	13,673	10,778

7. ACCOUNTS RECEIVABLE (CONTINUED)

(ii) Ageing of impaired accounts receivable

	2022 $'000	2021 $'000
Over 365 days	5,051	7,665

(iii) Ageing of receivables that are past due but not impaired:

	2022 $'000	2021 $'000
31 - 60 days	6,738	1,937
61 – 90 days	4,069	6,488
91 - 180 days	16,270	8,079
181 – 365 days	9,041	3,797
	36,118	20,301

8. OTHER RECEIVABLES

	2022 $'000	2021 $'000
Withholding tax	3,867	3,076
Prepayments	3,511	8,608
Other	5,573	5,744
	12,951	17,428

9. INVESTMENTS

	2022 $'000	2021 $'000
Certificate of deposits maturing January 2023:		
USD instrument with interest of 3.75% (US$0.101 million) (2021: US$$0.114 million)	17,646	17,478
JMD instrument with interest of 6.0% (2021: 5.59%)	11,675	11,250
Debt instruments at amortised cost	29,321	28,728
Investment in unit trust	-	5,521
Quoted equity securities at FVTPL	3,649	4,637
	32,970	38,886
Allowance for expected credit losses	(320)	(274)
	32,650	38,612
Interest receivable	43	31
	32,693	38,643

The movement for the year in investments is as follows:

	2022 $'000	2021 $'000
At January 1		
Quoted equity securities at FVTPL	4,637	4,239
Investment in unit trust	5,183	5,183
Debt instruments at amortised cost	28,728	26,942
	38,548	36,364
Purchases	(5,746)	1,786
Interest received	1,155	338
Movement in fair value on quoted equity securities at FVTPL	(987)	398
	32,970	38,886
Allowance for expected credit losses	(320)	(274)
	32,650	38,612
Interest receivable	43	31
At December 31	32,693	38,643

Current	29,044	28,485
Non-current	3,649	10,158
	32,693	38,643

9. INVESTMENTS (CONTINUED)

Movement in provision for expected credit losses:

	2022 $'000	2021 $'000
Balance at beginning of year	274	257
Provision for expected credit losses recognized	46	17
Balance at end of year	320	274

10. GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	2022 $'000	2021 $'000
Reverse repurchase agreements	73,520	88,581
Allowance for expected credit losses	(729)	(871)
	72,791	87,710

Included in the government securities purchased under resale agreements are foreign currency repurchase agreements of US$409,373 (2021: US$503,294). As at 31 December 2022, the maturity dates on reverse repurchase agreements range from 30 days to 90 days (2021: 30 days to 90 days) and interest rates range from 0.07% - 3.50% (2021: 0.02% - 2.00%).

(i) Movement in provision for expected credit losses:

	2022 $'000	2021 $'000
Balance at beginning of the year	871	961
Provision for expected credit losses reversed	(142)	(90)
Balance at end of year	729	871

11. CASH AND BANK BALANCES

	2022 $'000	2021 $'000
Current accounts (a)	2,037	4,155
Saving accounts (b)	26,118	29,665
Cash in hand	20	20
	28,175	33,840
Restricted cash	3,000	3,001
Allowance for expected credit losses	(352)	(452)
	30,823	36,389

(a) The current accounts are JMD accounts which carry an interest rate of 0.04% (2021: 0.05%) per annum.

(b) These include foreign currency bank accounts of US$90,843 (2021: US$147,368). As at 31 December 2022, interest rate on foreign currency bank accounts ranged from 0.01% - 0.03% (2021: 0.01% - 0.05%) per annum. Cash held in a restricted account bears an interest rate of 4.0% (2021 – 4.0%).

(c) Movement in provision for expected credit losses:

	2022 $'000	2021 $'000
Balance at beginning of the year	452	339
Provision for expected credit losses (reversed)/recognized	(100)	113
Balance at end of year	352	452

12. ACCOUNTS PAYABLE

	2022 $'000	2021 $'000
Trade payables	9,020	6,314
Statutory liabilities	4,882	5,969
Accrued expenses	6,206	13,934
GCT payable	4,158	3,575
Credit card payables	14,762	8,664
Dividend payable	1,021	1,025
Others	1,286	1,366
	41,335	40,847

Trade payables are non-interest bearing and are normally settled on 15-30-day terms.
For explanations on the Company's liquidity risk management processes, refer to Note 28(a)(ii).

13. CONTRACT LIABILITIES

Contract liabilities represent short-term customer advances received to deliver equipment and to render installation services.

	2022 $'000	**2021 $'000**
Customer advances	2,493	3,323

The movement in contract liabilities is shown below:

	2022 $'000	**2021 $'000**
Balance at beginning of the year	3,323	5,252
Additional customer advance payments	3,100	2,307
Recognised in revenue during the year	(3,930)	(4,236)
Balance at end of the year	2,493	3,323

14. RIGHT-OF-USE ASSET /LEASE LIABILITY

Right-of-use asset

	2022 $'000	**2021 $'000**
At Cost:		
Balance as at 1 January and 31 December	22,235	25,302
Depreciation:		
Charge for the year	3,009	3,067
Balance as at 31 December	3,009	3,067
Net book value as at 31 December	19,226	22,235

The right-of-use asset is being depreciated over a period of 10 years and 3 months (the anticipated lease term including extension options).

Lease liability

The lease which commenced in 2014 was renewed in 2019 for a term of five years, and the Company has an option to renew the lease for a further 5-year period. The rental is subject to annual increases.

14. RIGHT-OF-USE ASSET /LEASE LIABILITY

Lease liability (continued)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2022 $'000	2021 $'000
As at 1 January	27,899	29,436
Interest charged for the year	2,090	2,286
Payments made during the year	(3,942)	(3,823)
As at 31 December	26,047	27,899
Current	2,283	1,959
Non-current	23,764	25,940
	26,047	27,899

The lease liability is secured by the related underlying assets set out above. The maturities of the lease liability at 31 December are as follows:

31 December 2022	Within 1 Yr $'000	Within 2 yrs $'000	Within 3 yrs $'000	Within 4 yrs $'000	Within 5 yrs $'000	6-10 yrs $'000	Total $'000
Lease payments	(4,417)	(4,749)	(5,105)	(5,488)	(5,615)	(8,413)	(33,787)
Interest expense	2,134	1,764	1,504	1,194	784	360	7,740
	(2,283)	(2,985)	(3,601)	(4,294)	(4,831)	(8,053)	(26,047)

31 December 2021	Within 1 Yr $'000	Within 2 yrs $'000	Within 3 yrs $'000	Within 4 yrs $'000	Within 5 yrs $'000	6-10 yrs $'000	Total $'000
Lease payments	(4,109)	(4,417)	(4,749)	(5,105)	(5,488)	(13,855)	(37,723)
Interest expense	2,150	1,977	1,764	1,504	1,194	1,235	9,824
	(1,959)	(2,440)	(2,985)	(3,601)	(4,294)	(12,620)	(27,899)

The following are the amounts recognised in profit or loss:

	2022 $'000	2021 $'000
Depreciation expense of right-of-use assets	3,009	3,067
Interest expense on lease liabilities	2,090	2,286
Total recognised in the statement of comprehensive income	5,099	5,353

15. DEFERRED TAXATION

Deferred taxes are calculated on all temporary differences using the current tax rate of 25% adjusted for the 50% remission to be expected over the next five (5) years.

Analysis for financial reporting purposes:

	2022 $'000	2021 $'000
Deferred tax assets	2,292	1,068

The following are the main deferred tax assets and liabilities recognised by the Company and the movements thereon, during the current period:

	Accrued vacation	ECL provision	Lease liability /Right of use assets	PPE	Interest receivable	Unrealized foreign exchange gain	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2022	413	1,727	696	(594)	(4)	(1,170)	1,068
(Charged)/ credited to income for the year	(100)	157	(320)	69	(2)	1,420	1,224
At 31 December 2022	313	1,884	376	(525)	(6)	250	2,292

16. PROPERTY AND EQUIPMENT

	Computer Equipment $'000	Furniture & Equipment $'000	Total $'000
At cost:			
31 December 2019	18,680	12,900	31,580
Additions	3,901	375	4,276
31 December 2020	22,581	13,275	35,856
Additions	4,662	893	5,555
31 December 2021	27,243	14,168	41,411
Additions	4,533	1,001	5,534
31 December 2022	31,776	15,169	46,945
Depreciation:			
31 December 2019	12,460	6,018	18,478
Charge for the year	3,173	1,307	4,480
31 December 2020	15,633	7,325	22,958
Charge for the year	3,961	1,545	5,506
31 December 2021	19,594	8,870	28,464
Charge for the year	4,003	1,736	5,739
31 December 2022	23,597	10,606	34,203
Net book values:			
31 December 2022	8,179	4,563	12,742
31 December 2021	7,649	5,298	12,947
31 December 2020	6,948	5,950	12,898

The following rates are used in the calculation of depreciation:

Furniture and equipment	10%
Computer equipment	33⅓%

17. INTANGIBLES

	Computer Software $'000
At cost:	
1 January 2021	1,609
Addition	313
Disposal	(670)
31 December 2021	1,252
Addition	513
31 December 2022	1,765
Amortisation:	
1 January 2021	959
Charge for the year	346
Relieved on disposal	(357)
31 December 2021	948
Charge for the year	221
31 December 2022	1,169
Net book values:	
31 December 2022	596
31 December 2021	304

Intangible assets represent the cost of software and are amortised over 3 years.

18. SHARE CAPITAL

	2022 $'000	2021 $'000
Authorized		
106,000,000 ordinary shares of no par value		
Issued and fully paid:		
Share capital at beginning of year 106,000,000 ordinary shares of no par value	51,727	51,727

19. REVENUE FROM CONTRACTS WITH CUSTOMERS

a) This represents fees for technical services rendered and equipment sold less General Consumption Taxes.

b) The following are entity-wide disclosures:

(i) Geographical areas
There are no geographical segments as all revenues are attributed to the Company's country of domicile.

(ii) Major customers
Revenues from transactions with two customers, which amounted to $220 million (2021: $171.00 million) were greater than 10 per cent of the Company's revenues accounting for 58% of revenue (2021: 44%).

c) Performance obligations

(i) Equipment
The performance obligation is satisfied upon delivery of the equipment and payment is generally due within 10 days from delivery.

(ii) Warranty
Warranties are provided for one year from the date of purchase on equipment purchased on behalf of the customers. The warranty is not a separate performance obligation on the part of the company as it is directly charged to the manufacturer.

(iii) Installation services
The performance obligation is satisfied over-time and payment is generally due upon completion of installation and acceptance of the customer. In some contracts, short-term advances are required before the installation service is provided.

(iv) Procurement services
There are contracts with customers to acquire equipment on their behalf. Payment is due within 10 days from delivery after the performance obligation has been satisfied.

Set out below is the amount of revenue recognised from:

	2022	**2021**
	$'000	**$'000**
Amounts included in contract liabilities at the beginning of the year	3,323	5,252
Performance obligations partially satisfied in previous years	3,930	4,236

20. EXPENSES BY NATURE

Total direct, administrative and other operating expenses:

	2022 $'000	2021 $' 000	
Direct costs:			
Technical fees, services and products	131,489	136,150	
Technical staff costs (Note 22)	94,737	82,294	*
	226,226	218,444	
Administrative expenses:			
Professional services	3,654	5,526	
Property rental and utilities	10,925	10,584	
Non-technical staff costs, inclusive of directors' emoluments (Note 22)	69,624	72,021	
Statutory contributions (Note 22)	16,629	15,222	
Directors' fees	1,153	1,945	
Depreciation (Note 16)	5,739	5,506	
Amortization of intangible asset (Note 17)	221	346	
Insurance	7,237	6,965	
Staff expenses	4,301	-	
Corporate expenses	3,761	3,968	
Repairs and maintenance	1,400	1,371	
Allowance for expected credit losses	4,185	4,760	
Depreciation – right of use asset (Note 14)	3,009	3,067	
Consultancy fees	6,728	10,282	
Other	6,135	5,816	
	144,701	147,379	
Other operating expenses:			
Advertising and promotion	9,242	13,486	
Training and subscription	9,612	10,618	
Computer and communications	6,123	6,623	
Subsistence and staff expenses	1,699	4,256	
	26,676	34,983	
	397,603	400,806	

21. OTHER (LOSSES) / GAINS

	2022 $'000	2021 $'000
Commission	479	-
Dividend income	87	126
Loss on disposal of equipment	-	(313)
(Depreciation) /Appreciation in value of investments (quoted equity securities at FVTPL) (Note 9)	(987)	398
Foreign exchange (loss)/gain	(2,448)	8,608
Other	1,558	8,351
	(1,311)	17,170

***- Restated to conform to current year presentation**

22. STAFF COSTS

	2022 $'000	2021 $'000
Salaries and other employee benefits:		
Non-technical staff, inclusive of directors' emoluments	69,624	72,021
Technical staff costs	94,737	82,294
Statutory contributions	16,629	15,222
	180,990	169,537

23. FINANCE INCOME

	2022 $'000	2021 $'000
Interest income on investments at amortised cost	2,690	1,938

24. FINANCE COST

	2022 $'000	2021 $'000
Interest expense for leasing arrangements	2,090	2,286

25. DISCLOSURE OF EXPENSES

	2022 $'000	2021 $'000
Profit before taxation is stated after charging:		
Directors' emoluments (included in staff costs)	25,259	28,975
Directors' fees	1,153	1,945
Depreciation (Note 16)	5,739	5,506
Amortization of intangible asset (Note 17)	221	346
Depreciation – right of use asset (Note 14)	3,009	3,067
Auditor's remuneration	1,864	1,912
Staff costs (Note 22)	180,990	169,537

26. TAXATION

The Company was listed on the Junior Market of the Jamaica Stock Exchange in January 2016 and under the Income Tax Act (Jamaica Stock Exchange Junior Market) Remission Notice, 2010, 100% of income taxes will be remissioned by the Minister of Finance during the first five years of listing on Junior Market (remissioned) of the Jamaica Stock Exchange and 50% of income taxes will be remissioned by the Minister of Finance during the second five years of listing on the Junior Market (remissioned) of the Jamaica Stock Exchange.

Current and deferred taxes have been calculated using the tax rate of 25%.

The taxation charge is comprised of:

	2022 $'000	2021 $'000
Taxation charge	-	2,046
Tax credit- JSE Junior Stock Exchange incentive (50%)	-	(1,023)
Deferred tax credit	(1,224)	(1,068)
	(1,224)	(45)

The charge for the year is reconciled to the profit as per the statement of comprehensive income as follows:

	2022 $'000	2021 $'000
(Loss) / Profit before tax	(24,093)	8,176
Computed "expected" tax (credit) / charge @ 25%	(6,023)	2,044
Difference between profit for financial statements and tax reporting purposes on:		
Expenses not deducted for tax purposes	193	729
Relief given under Junior Stock Exchange Regulation	-	(1,023)
Net effect of other charges and allowance	4,606	(1,795)
	(1,224)	(45)

27. RELATED PARTY TRANSACTIONS

During the year, the Company had transactions with related parties in the normal course of business. Related party transactions are detailed below.

	2022 $'000	2021 $'000
Related party transactions:		
Key management compensation and directors' emoluments	25,259	28,975
Directors' fees	1,153	1,945
	26,412	30,920

As at 31 December 2022 and 2021, there are no related party receivable or payable balances.

28. FINANCIAL INSTRUMENTS

(a) Financial risk management

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

~ Credit risk;
~ Liquidity risk and
~ Market risk

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

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

The risk management policies are established to identify and analyse 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.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations.

This arises principally from cash and bank balances, securities purchased under resale agreements and amounts due from customers and related parties.

The maximum exposure to credit risk is reflected in the statement of financial position at the reporting date.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued):

(i) Credit risk (continued)

The maximum exposure to credit risk is as follows:

	2022 $'000	2021 $'000
Financial assets:		
Cash and bank balances (Note 11)	30,823	36,389
Accounts receivable (Note 7)	78,344	68,433
Short-term investments (Note 9, 10)	101,835	116,195
Long-term investments (Note 9)	3,649	10,158
Contract assets (Note 6)	20,695	26,337
Other receivables (Note 8)	5,573	5,744
	240,919	263,256

Cash and bank balances and securities purchased under resale agreements

The Company limits its exposure to credit risk including investments by placing cash resources with substantial counterparties who are believed to have minimal risk of default.

Accounts receivable and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Accounts receivable mainly consist of amounts owing from corporate customers. As at 31 December 2022, amounts receivable from four (2021: three) customers that individually accounted for greater than 5% of the accounts receivable balance represented 49.15%, 5.55%, 5.19%, 5.03% (2021: 45.84%, 5.66%, 5.07%). There are no other concentrations of credit risk.

The Company does not require collateral in respect of trade and other receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for various customers with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than 90 days and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in Note 7.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued):
(i) Credit risk (continued)

Accounts receivable and other receivables (continued)

	Trade receivables						
	Days past due						
2022	**0-30 days Current $'000**	**31 - 60 days $'000**	**61 - 90 days $'000**	**91 - 180 days $'000**	**Over 181 - 365 days $'000**	**Over 365 days $'000**	**Total $'000**
Expected credit loss rate	1.81%	3.21%	7.12%	28.08%	29.04%	100%	
Estimated total gross carrying amount at default	50,838	6,738	4,069	16,270	9,051	5,051	92,017
Expected credit loss	922	216	290	4,569	2,625	5,051	13,673

	Trade receivables						
	Days past due						
2021	**0-30 days Current $'000**	**31 - 60 days $'000**	**61 - 90 days $'000**	**91 - 180 days $'000**	**Over 181 - 365 days $'000**	**Over 365 days $'000**	**Total $'000**
Expected credit loss rate	0.92%	1.44%	6.61%	19.28%	16.51%	100%	
Estimated total gross carrying amount at default	51,245	1,937	6,488	8,079	3,797	7,665	79,211
Expected credit loss	471	28	429	1,558	627	7,665	10,778

28. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued):

(i) Credit risk (continued)

	2022		2021	
12 Month Expected credit loss	**Average Expected Credit Loss Rate**	**Expected credit loss**	**Average Expected Credit Loss Rate**	**Expected credit loss**
		$'000		**$'000**
Financial Assets				
Cash and cash equivalents	1.10%	352	1.10%	452
Government securities purchased under resale agreements	1.10%	729	1.10%	871
Investments	1.10%	320	0.005% 1.10%	274

There were minor changes in the credit ratings of the underlying securities or corporate rating for the debt instruments as at year end.

Contract assets had a gross carrying amount of $22.14 million (2021: $27.78 million) with an impairment provision of $1.44 million (2021: $1.44 million).

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk may result from an inability to sell a financial asset at, or close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Company's liquidity management process, as carried out within the Company and monitored by the Finance Department, includes:

~ Monitoring future cash flows and liquidity on a bi-weekly basis.
~ Maintaining a portfolio of short-term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.

The following table details the Company's contractual maturity for its financial liabilities. The table below has been drawn up for financial liabilities, based on the earliest date on which the Company can be required to pay. The financial liability below includes; trade payables, contract liabilities and lease liabilities.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued):

(ii) Liquidity risk (continued)

	Average Effective Interest rate	Less than 1 Year	1 - 5 Years	Over 5 Years	Total
		$'000	$'000	$'000	$'000
2022					
Financial liabilities:					
Non-interest bearing	0.00%	20,059	-	-	20,059
Interest bearing liability	7.95%	17,210	18,005	7,214	42,429

	Average Effective Interest rate	Less than 1 Year	1 - 5 Years	Over 5 Years	Total
		$'000	$'000	$'000	$'000
2021					
Financial liabilities:					
Non-interest bearing	0.00%	26,661	-	-	26,661
Interest bearing liability	7.95%	4,109	19,759	13,855	37,723

(ii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates and foreign exchange rates and will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The nature of the Company's exposures to market risks and it objectives, policies and processes for managing these risks have not changed significantly over the prior year. For each of the major components of market risks the Company has policies and procedures in place which detail how each risk is managed and monitored. The management of each of these major components of market risks and the exposure of the Company at the reporting date to each major risk are addressed below.

Currency risk

Foreign currency risk is the risk of loss arising from adverse movements in foreign exchange rates. The Company undertakes certain investment transactions denominated in currencies other than the Jamaican dollar. Exchange rate exposures are managed within approved policy parameters and maintaining a manageable balance in the types of investments. The Company's investment portfolio is exposed to foreign exchange risk primarily with respect to the United States dollar.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued)

(iii) Market risk (continued)

Currency risk (continued)

Derivative financial instruments are not presently used to reduce exposure to fluctuations in foreign exchange rates.

Concentration of currency risk

The table below summaries the Company's exposure to foreign exchange rate risk as at 31 December.

	2022 $'000	**2021 $'000**
Bank of Jamaica foreign exchange buying rates (JM$ to US$)	152.05	152.75
Financial assets:		
Cash resources (Note 11)	13,831	22,511
Short term investments (Note 9, 10)	78,867	94,356
Total financial assets	92,698	116,867

Foreign currency sensitivity

The Company's investment portfolio is exposed to the United States dollar. The Company's sensitivity to a 1% increase and at 4% decrease (2021: 2% increase, and an 8% decrease) in the Jamaican dollar against the United States dollar is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate.

The sensitivity of a 1% increase or 4% decrease (2021: 2% increase or 8% decrease) in the Jamaican dollar against the United States dollar exposure would result in a change of $0.92 million (2021: $2.34 million) or $3.70 million (2021: $9.35 million) to the profit and loss account respectively.

The Company's sensitivity to foreign currency has decreased during the year mainly due to decreased holdings of foreign cash and short-term investments balances.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued)

(iii) Market risk (continued)

Interest rate risk
The Company's interest rate risk arises from deposits, repurchase agreements and lease liability.

Interest rate sensitivity
There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested to current market rates. Short and long-term deposits are at fixed rates and are carried at amortised cost.

Price risk management
The Company is exposed to price risks arising from quoted equity instruments and unit trust investments.

Price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to price risks at the reporting date. The analysis is prepared assuming that the number of units at the reporting date remains the same for the whole year. A 6% increase or 6% decrease (2021: 5% increase or 5% decrease) represents management's best estimate of the possible change in equity prices.

If bid prices had been 6% higher and 6% lower (2021: 5% higher/lower) and all other variables were held constant, they would result in an increase/decrease in net profit as detailed below:

	2022 $'000 6% increase/ 6% decrease	**2021 $'000 5% increase/ 5% decrease**
Quoted shares	219/ (219)	232/ (232)
Investment in unit trust	-	276/ (276)

The change in sensitivity is due to the decrease in the fair value of quoted shares and increase in the unit price of the investment in unit trust.

(b) Fair value of financial instruments

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.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial instruments (continued)

The following methods and assumptions have been used to determine the fair values of the Company's financial instruments:

(i) The carrying values of cash and bank balances, receivables (excluding income tax recoverable), accounts payable, securities purchased under resale agreements and investments in short-term fixed interest rate bearing securities approximate their fair values because of the short-term maturity of these instruments.

(ii) Investments represents quoted equities which are valued using the year end closing bid price published by the Jamaica Stock Exchange.

(iii) The carrying value of long-term investments approximates fair value, as the interest rates are based at market rates at year end.

(iv) The fair values of the Company's lease liability are determined by using the discounted cashflow method, using discount rate that reflects its bankers borrowing interest rate as at the end of the reporting period.

No significant unobservable inputs were applied in the valuation of the Company's financial instruments classified as fair value through profit or loss.

Fair value measurement recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 (See Note 4(b)) based on the degree to which the fair value is observable:

	2022			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Equity securities	3,649	-	-	3,649
Investment in unit trust	-	-	-	-

	2021			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Equity securities	4,637	-	-	4,637
Investment in unit trust	-	5,521	-	5,521

There were no transfers between Level 1 and Level 2 during the period.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders. The directors of the Company seek to maintain a strong capital base so as to maintain shareholder and creditor confidence. The Company defines capital as total shareholders' equity. There were no changes in the Company's approach to capital management during the year.

29. (LOSS) / EARNINGS PER STOCK UNIT (EPS) ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY

(Loss) / Earning per stock unit is calculated by dividing the net (loss) / profit attributable to stockholders by the weighted average number of ordinary stock units.

	2022	**2021**
Net (loss) / profit attributable to stockholders ($'000)	(22,869)	8,221
Weighted average number of ordinary stock units	106,000,000	106,000,000
Basic (loss) / earnings per stock unit ($)	(0.22)	0.08

30. DIVIDENDS

During 2022, the Company did not declare a dividend. At 31 December 2022, of the amount declared in prior years, dividend payable of $1.021 million (2021: $1.025 million) is included in accounts payable.