



Furness Trinidad Limited

Audited Consolidated Financial Statements

December 31, 2022

Audited Consolidated Financial Statements
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

Audited Consolidated Financial Statements

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Statement of Management Responsibilities

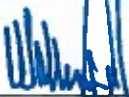
Furness Trinidad Limited

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Furness Trinidad Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of the Group's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act, the Insurance Act 2018; and
- Using reasonable and prudent judgement in the determination of estimates.

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

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying financial statements have been authorized for issue, if later. Management affirms that it has carried out its responsibilities as outlined above.



William Ferreira, Executive Chairman
Date: March 17, 2023



Marcia Edwards, Group Financial Director
Date: March 17, 2023

The Shareholders
Furness Trinidad Limited
#90 Independence Square
PORT-OF-SPAIN

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the consolidated financial statements of Furness Trinidad Limited, which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Trinidad and Tobago, and 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.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

The Shareholders
Furness Trinidad Limited
#90 Independence Square
PORT-OF-SPAIN

INDEPENDENT AUDITORS' REPORT – (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



The Shareholders
Furness Trinidad Limited
#90 Independence Square
PORT-OF-SPAIN

INDEPENDENT AUDITORS' REPORT – (Continued)

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

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

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

A handwritten signature in black ink that reads "Baker Tilly" in a cursive script.

March 17, 2023
PORT-OF-SPAIN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

		December 31	
		2022	2021
		\$'000	\$'000
			Restated
ASSETS	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	H	171,716	178,976
Investment properties	I	89,128	89,128
Investment securities	J	72,763	83,957
Deferred taxation	K	25,123	18,491
TOTAL NON-CURRENT ASSETS		358,730	370,552
CURRENT ASSETS			
Inventory	L	6,081	5,495
Trade and other receivables	M	15,844	15,187
Reinsurance contracts	N	21,554	17,362
Taxation recoverable		4,400	2,565
Cash in hand and at bank		3,839	3,539
TOTAL CURRENT ASSETS		51,718	44,148
TOTAL ASSETS		410,448	414,700

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

These financial statements were authorized for issue by the Board of Directors on March 17, 2023.

The Board of Directors is not vested with the authority to amend these financial statements after they have been issued.

Director

Director

		December 31	
		2022	2021
		\$'000	\$'000
			Restated
EQUITY AND LIABILITIES	Notes		
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	P	28,497	28,497
Catastrophe reserve		7,989	4,368
Other reserves	Q	22,763	22,763
Retained earnings		172,737	188,560
TOTAL EQUITY		231,986	244,188
NON-CURRENT LIABILITIES			
Pension plan liability	R	8,578	8,362
Borrowings	S	64,885	64,403
TOTAL NON-CURRENT LIABILITIES		73,463	72,765
CURRENT LIABILITIES			
Borrowings	S	53,408	52,378
Trade and other payables	T	9,308	8,422
Insurance liability	N	42,283	36,947
TOTAL CURRENT LIABILITIES		104,999	97,747
TOTAL EQUITY AND LIABILITIES		410,448	414,700

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

		Year ended December 31	
		2022	2021
		\$'000	\$'000
Turnover	Notes G	<u>85,932</u>	<u>75,972</u>
Operating profit/(loss)	G	824	(2,409)
Investment income		(10,355)	8,440
Finance costs	U	<u>(7,974)</u>	<u>(5,639)</u>
NET PROFIT/(LOSS) BEFORE TAXATION		(17,505)	392
Taxation	V	<u>4,398</u>	<u>(775)</u>
NET LOSS FOR THE YEAR		<u>(13,107)</u>	<u>(383)</u>
Other comprehensive income			
Actuarial adjustments on post-employment benefit obligations		<u>905</u>	<u>1,224</u>
Other comprehensive income for the year, net of tax		<u>905</u>	<u>1,224</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(12,202)</u>	<u>841</u>
Profit/(loss) attributable to:			
Owners of the company		<u>(13,107)</u>	<u>(383)</u>
Total comprehensive income attributable to			
Equity holders of the company		<u>(12,202)</u>	<u>841</u>
Basic earnings per share attributable to owners of the company	W	<u>(1.01)</u>	<u>0.06</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

	Share Capital \$'000	Statutory Reserve \$'000	Catastroph e Reserve \$'000	Other Reserves \$'000	Retained Earnings \$'000	Total \$'000
Year ended December 31, 2022						
Balance at 1 January 2022	28,497	-	4,368	22,763	188,560	244,188
Comprehensive income						
Loss for the year	-	-	-	-	(13,107)	(13,107)
Other comprehensive income						
Statutory reserve transfer	-	-	3,621	-	(3,621)	-
Catastrophe reserve transfer	-	-	-	-	-	-
Other movements	-	-	-	-	905	905
Balance at 31 December 2022	<u>28,497</u>	<u>-</u>	<u>7,989</u>	<u>22,763</u>	<u>172,737</u>	<u>231,986</u>
Year ended December 31, 2021						
Balance at 1 January 2021	28,497	26,965	-	22,763	165,122	243,347
Comprehensive income						
Loss for the year	-	-	-	-	(383)	(383)
Other comprehensive income						
Statutory reserve transfer	-	(26,965)	-	-	26,965	-
Catastrophe reserve transfer	-	-	4,368	-	(4,368)	-
Other movements	-	-	-	-	1,224	1,224
Balance at 31 December 2021	<u>28,497</u>	<u>-</u>	<u>4,368</u>	<u>22,763</u>	<u>188,560</u>	<u>244,188</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

		Year ended December 31	
		2022	2021
		\$'000	\$'000
OPERATING ACTIVITIES	Notes		
Net profit/(loss) before taxation		(17,505)	392
Adjustment to reconcile profit to net cash from operating activities:			
Depreciation		19,725	22,026
Movement in pension asset		-	89
Interest expense		7,975	5,639
Profit on disposal of property, plant and equipment		(7,409)	(5,748)
Change in retirement benefit asset		216	(89)
Net change in current assets and liabilities	X	11,188	(338)
Pension asset movement in OCI		905	1,224
		<u>15,095</u>	<u>23,195</u>
Interest paid		(7,975)	(5,639)
Taxation paid		(4,065)	1,708
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>3,055</u>	<u>19,264</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(12,641)	(14,536)
Purchase of investment securities		-	3,407
Proceeds from sale/maturity of investment securities		792	(8,246)
Proceeds from sale and property, plant and equipment		7,584	10,346
NET CASH USED IN INVESTING ACTIVITIES		<u>(4,265)</u>	<u>(9,029)</u>
FINANCING ACTIVITIES			
Net proceeds from long-term debt		1,881	(15,465)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		<u>1,881</u>	<u>(15,465)</u>
INCREASE/(DECREASE) IN CASH		<u>671</u>	<u>(5,230)</u>
Cash and cash equivalents at beginning of year		(7,488)	(2,258)
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>(6,817)</u>	<u>(7,488)</u>
REPRESENTED BY			
Cash in hand and at bank		3,839	3,539
Bank overdraft		(10,656)	(11,027)
		<u>(6,817)</u>	<u>(7,488)</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE A – INCORPORATION AND PRINCIPAL ACTIVITY

The Group was incorporated in the Republic of Trinidad and Tobago. The principal activities of Furness Trinidad Limited (the Company) and its subsidiaries (together the Group) are distributors, import agents, cold storage operators, manufactures of industrial and domestic cleaning chemicals, the rental of property, car park facility and motor vehicles and underwriting of property, motor liability, accident and other general insurance business.

The Group's registered office is at Furness House, #90 Independence Square, Port-of-Spain.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, except as described below.

(i) **Basis of Preparation**

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note C.

a) New standards and amendments/revisions to published standards and interpretations effective in 2022 but not applicable to the Group –

Annual Improvements to IFRS Standards 2018-2020 Cycle	Minor amendments to IFRS 1 <i>First-time Adoption of Financial Reporting Standards</i> , IFRS 9 <i>Financial Instruments</i> and IAS 41 <i>Agriculture</i> .
	Amendment to Illustrative Examples accompanying IFRS 16.
Amendments to IFRS 3 – <i>Reference to the Conceptual Framework</i>	Updates certain references to the <i>Conceptual Framework for Financial Reporting</i> without changing the accounting requirements for business combinations.
Amendments to IAS 16 – <i>Property, Plant and Equipment: Proceeds before intended use</i>	Requires amounts received from selling items produced while the group is preparing the asset for its intended use to be recognized in profit or loss, and not as an adjustment to the cost of the asset.
Amendment to IAS 37 – <i>Onerous Contracts: Cost of Fulfilling a Contract</i>	Specifies which costs to include when assessing whether a contract will be loss-making.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

FURNESS ANCHORAGE GENERAL INSURANCE LIMITED

December 31, 2022

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(i) Basis of Preparation – (Continued)

b) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group –

Title	Key Effects
1. IFRS 17 <i>Insurance Contracts</i>	Establishes new principles for the recognition, measurement, presentation and disclosure of insurance contracts issued reinsurance contracts with discretionary participation features issued.
2. Amendments to IAS 1 and IFRS Practice Statement 2 – <i>Disclosure of Accounting Estimates</i>	Changes requirements from disclosing 'significant' to 'material' accounting policies and provides explanations and guidance on how to identify material accounting policies.
3. Amendments to IAS 8 – <i>Definition of Accounting Estimates</i>	Clarifies how to distinguish changes in accounting policies from changes in accounting estimates.
4. Amendments to IAS 12 – <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	Introduces an exception to clarify that the 'initial recognition exemption' does not apply to transactions that give rise to equal taxable and deductible timing differences.
5. Amendments to IAS 1 – <i>Classification of Liabilities as Current or Non-current</i>	Clarifies that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period.
6. Amendments to IAS 1 – <i>Non-current Liabilities with Covenants</i>	Clarifies that only those covenants with which an entity must comply on or before the end of the reporting period affect the classification of a liability as current or non-current.
7. Amendments to IFRS 16 – <i>Lease Liability in a sale and Leaseback</i>	Specifies requirements relating to measuring the lease liability in a sale and in a sale and leaseback transaction after the date of the transaction.
8. Amendments to IFRS 17 – <i>Initial Application of IFRS 17 & IFRS 9 – Comparative Information</i>	Helps entities to avoid temporary accounting mismatches by allowing an option relating to comparative information about financial assets presented on initial application of IFRS 17.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

FURNESS ANCHORAGE GENERAL INSURANCE LIMITED

December 31, 2022

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(i) **Basis of Preparation – (Continued)**

b) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group –

A. Estimated impact of the adoption of IFRS 17

Furness Anchorage General Insurance Limited (FAGIL) will restate comparative information on adoption of IFRS 17. FAGIL has assessed the estimated impact that the initial application of IFRS 17 (see (B)) will have on its financial statements. Based on the measurement model selected and the assessments undertaken to date, no adjustment to the Company's equity is expected because of the implementation of both standards.

B. IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted.

i. *Identifying Contracts in the Scope of IFRS 17*

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts.

When identifying contracts in the scope of IFRS 17, in some cases FAGIL will have to assess whether a set or series of contracts needs to be treated as a single contract and whether goods and services components have to be separated and accounted for under another standard. For insurance and reinsurance contracts, FAGIL does not expect significant changes arising from the application of these requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

FURNESS ANCHORAGE GENERAL INSURANCE LIMITED

December 31, 2022

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(i) Basis of Preparation – (Continued)

b) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group – (Continued)

B. IFRS 17 Insurance Contracts – (Continued)

ii. Level of Aggregation

Under IFRS 17, insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e., by year of issue) and each annual cohort into three groups:

- any contracts that are onerous on initial recognition,
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently, and
- any remaining contracts in the annual cohort.

When a contract is recognized, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. Groups of reinsurance contracts are established such that each group comprises a single contract.

iii. Contract Boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Compared with the current accounting, FAGIL does not expect that for any of its issued contracts the IFRS 17 contract boundary requirements will change the scope of cash flows to be included in the measurement of existing recognized contracts, as opposed to future unrecognized contracts. The period covered by the premiums within the contract boundary is the 'coverage period', which is relevant when applying a number of requirements in IFRS 17.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

FURNESS ANCHORAGE GENERAL INSURANCE LIMITED

December 31, 2022

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(i) Basis of Preparation – (Continued)

b) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group – (Continued)

B. IFRS 17 Insurance Contracts – (Continued)

iii. Contract Boundaries – (Continued)

Insurance Contracts

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which FAGIL can compel the policyholder to pay premiums or has a substantive obligation to provide services (insurance coverage). A substantive obligation to provide services ends when:

- FAGIL has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks, or
- FAGIL has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

FAGIL primarily issues contracts for a coverage period of one year or less. It has issued contracts for mortgage indemnity and contractors all risks that are for coverage periods of more than twelve months. The contractors all risk and some bonds policies have a coverage period of more than one year contributes income are not material to the financial statements. The mortgage indemnity insurance contracts issued are for coverage periods that are for more than twelve months. It has been assessed that the liability for remaining coverage under the PAA approximate the measurement that would have been determined if the general measurement model was used.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

FURNESS ANCHORAGE GENERAL INSURANCE LIMITED

December 31, 2022

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(i) Basis of Preparation – (Continued)

b) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group – (Continued)

B. IFRS 17 Insurance Contracts – (Continued)

iii. Contract Boundaries – (Continued)

Reinsurance Contracts

For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which FAGIL is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

Some of the Group's quota share reinsurance contracts cover underlying contracts issued within the annual term on a risk-attaching basis and provide unilateral rights to both FAGIL and the reinsurer to terminate the attachment of new underlying contracts at any time by giving three months' notice to the other party. Currently, the measurement of these reinsurance contracts generally aligns with that of the underlying contracts and considers only underlying contracts already ceded at the measurement date. However, under IFRS 17 cash flows arising from underlying contracts expected to be issued and ceded after the measurement date, in addition to those arising from underlying contracts already ceded, may be within the boundaries of the reinsurance contracts and may have to be considered and estimated in their measurement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

FURNESS ANCHORAGE GENERAL INSURANCE LIMITED

December 31, 2022

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(i) Basis of Preparation – (Continued)

b) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group – (Continued)

B. IFRS 17 Insurance Contracts – (Continued)

iv. Measurement – Overview

The Premium Allocation Approach (PAA) is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria.

FAGIL expects that it will apply the PAA to all contracts because the following criteria are expected to be met at inception.

- Insurance contracts and loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching reinsurance contracts: FAGIL reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies described above.

On initial recognition of each group of general insurance contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. FAGIL will elect to recognize insurance acquisition cash flows as expenses when they are incurred. Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognized as insurance revenue for services provided. FAGIL expects that the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, as permitted under IFRS 17, FAGIL will not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then FAGIL will recognize a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows will be discounted (at current rates) if the liability for incurred claims is also discounted.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

FURNESS ANCHORAGE GENERAL INSURANCE LIMITED

December 31, 2022

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(i) **Basis of Preparation – (Continued)**

b) **New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group – (Continued)**

B. IFRS 17 Insurance Contracts – (Continued)

iv. Measurement – Overview – (Continued)

FAGIL will recognize the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows will be discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

All cash flows will be discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity characteristics of the contracts. Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which FAGIL has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

The risk adjustment for non-financial risk for a group of contracts, determined separately from the other estimates, is the compensation that FAGIL would require for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

FAGIL will apply the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

FURNESS ANCHORAGE GENERAL INSURANCE LIMITED

December 31, 2022

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(i) Basis of Preparation – (Continued)

b) **New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group – (Continued)**

B. IFRS 17 Insurance Contracts – (Continued)

iv. Measurement – Overview – (Continued)

Impact Assessment

Although the PAA is similar to FAGIL's current accounting treatment when measuring liabilities for remaining coverage, the following changes are expected in the accounting for general insurance contracts.

Changes to IFRS 4	Impact on Equity
Under IFRS 17, FAGIL will discount the future cash flows when measuring liabilities for incurred claims, unless they are expected to occur in one year or less from the date on which the claims are incurred. The Group does not currently discount such future cash flows.	Increase
IFRS 17 requires the fulfilment cash flows to include a risk adjustment for non-financial risk. This is not explicitly allowed for currently.	Decrease

Furness estimates that, on adoption of IFRS 17, the impact of these changes (before tax) is a reduction in the Group's total equity of \$105,000 at 1 January 2023 and \$130,000 at 1 January 2022.

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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(i) **Basis of Preparation – (Continued)**

b) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group – (Continued)

B. IFRS 17 Insurance Contracts – (Continued)

iv. Measurement – Overview – (Continued)

Reinsurance Contracts

FAGIL will apply the same accounting policies to measure a group of reinsurance contracts, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any discounting for the time value of money and (c) a risk adjustment for non-financial risk.

FAGIL will measure the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognized in the insurance service result in profit or loss.

The risk adjustment for non-financial risk will represent the amount of risk being transferred by FAGIL to the reinsurer.

Discount Rates

FAGIL will generally determine risk-free discount rates using the observed yield curves government bond yields. To reflect the liquidity characteristics of the contracts, the risk-free yield curves will be adjusted by an illiquidity premium. Illiquidity premiums will generally be determined by comparing the spreads on corporate bonds with the costs of lending with matching critical terms for the same issuer.

The requirement to measure liabilities for insurance contracts using current discount rates will be a significant change from FAGIL's current practice as for its insurance contracts the Company does not currently discount future cash flows.

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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(i) **Basis of Preparation – (Continued)**

b) **New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group – (Continued)**

B. IFRS 17 Insurance Contracts – (Continued)

iv. Measurement – Overview – (Continued)

Discount Rates – (Continued)

To determine the risk adjustments for non-financial risk for reinsurance contracts, FAGIL will apply these techniques both gross and net of reinsurance and derive the amount of risk being transferred to the reinsurer as the difference between the two results.

Risk Adjustments for Non-Financial Risk

Risk adjustments for non-financial risk will be determined to reflect the compensation that FAGIL would require for bearing non-financial risk and its degree of risk aversion. They will be determined separately and allocated to groups of contracts based on an analysis of the risk profiles of the groups. They reflect the effects of the diversification benefits between Group entities, which will be determined using a correlation matrix technique.

The risk adjustments for non-financial risk will be determined using the following cost of capital technique.

To determine the risk adjustments for non-financial risk for reinsurance contracts, FAGIL will apply these techniques both gross and net of reinsurance and derive the amount of risk being transferred to the reinsurer as the difference between the two results.

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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(i) **Basis of Preparation – (Continued)**

b) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group – (Continued)

B. IFRS 17 Insurance Contracts – (Continued)

v. Presentation and Disclosure

IFRS 17 will significantly change how insurance contracts and reinsurance contracts are presented and disclosed in the FAGIL's financial statements.

Under IFRS 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables will no longer be presented separately.

Under IFRS 17, amounts recognized in the statement of profit or loss and OCI are disaggregated into:

- (a) an insurance service result, comprising insurance revenue and insurance service expenses, and
- (b) insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately.

The separate presentation of underwriting and financial results under IFRS 17 will provide added transparency about the sources of profits and quality of earnings.

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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(i) Basis of Preparation – (Continued)

- b) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group – (Continued)**

B. IFRS 17 Insurance Contracts – (Continued)

v. Presentation and Disclosure – (Continued)

Insurance Service Result

For contracts measured using the PAA, insurance revenue is recognized based on an allocation of expected premium receipts to each period of coverage, which is based on the passage of time for insurance contracts. The requirements in IFRS 17 to recognize insurance revenue over the coverage period is in line with FAGIL's current practice.

Expenses that relate directly to the fulfilment of contracts will be recognized in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts will be presented outside the insurance service result.

Amounts recovered from reinsurers and reinsurance expenses will no longer be presented separately in profit or loss, because the Group will present them on a net basis as 'net expenses from reinsurance contracts' in the insurance service result, but information about these will be included in the disclosures.

FAGIL will choose not to disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk recognized in profit or loss will be included in the insurance service result.

Insurance Finance Income and Expenses

Under IFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses.

FAGIL will present insurance finance income or expenses in profit or loss, considering that the supporting assets will generally be measured at FVTPL.

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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(i) **Basis of Preparation – (Continued)**

- b) **New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group – (Continued)**

B. IFRS 17 Insurance Contracts – (Continued)

vi. **Presentation and Disclosure – (Continued)**

Disclosure

IFRS 17 requires extensive new disclosures about amounts recognized in the financial statements, including detailed reconciliations of contracts, effects of newly recognized contracts as well as disclosures about significant judgements made when applying IFRS 17. There will also be expanded disclosures about the nature and extent of risks from insurance contracts and reinsurance contract. Disclosures will generally be made at a more granular level than under IFRS 4, providing more transparent information for assessing the effects of contracts on the financial statements.

vi. **Transition**

Changes in accounting policies resulting from the adoption of IFRS 17 will be applied using a full retrospective approach to the extent practicable, except as described below. Under the full retrospective approach, at 1 January 2022 FAGIL will identify, recognize and measure each group of insurance contracts and reinsurance contracts as if IFRS 17 had always been applied.

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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(ii) Consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence, effect and potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured at fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of comprehensive income.

Intra-group transactions, balances and gains and losses are eliminated on consolidation. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with Minority Interests – The Group's policy is to treat transactions with minority interest as transactions with parties external to the Group. Disposals to minority interest, which result in gains and losses for the Group, are recorded in the consolidated statement of comprehensive income. Purchase from minority interest results in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(iii) Foreign Currency Translation

- a) **Functional and Presentation Currency** – Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Trinidad and Tobago dollars' which is the Group's presentation currency.
- b) **Transactions and Balances** – Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(iii) Foreign Currency Translation – (Continued)

c) **Group Companies** – The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the dates of the transaction); and
- All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

(iv) Segment Reporting

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments. The chief operating decision maker is the person responsible for allocating resources and assessing the performance of the operating segments of the entity. The Group has identified the chief operating decision maker as the Executive Chairman.

(v) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciated and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(v) Property, Plant and Equipment – (Continued)

Depreciation is calculated using the straight-line method to write off the cost of each asset to its estimated residual value over its estimated useful life as follows:-

The annual depreciation rates used are:

Leasehold properties	-	2-10%
Motor vehicles	-	25%
Furniture and fixtures	-	10-20%
Office equipment	-	10-20%
Plant and machinery	-	5-33 1/3%

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount. The amount recoverable is the higher of the asset's fair value less cost to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of comprehensive income.

(vi) Pension Obligations

The Group operates a defined benefit plan. Typically, defined benefit plans define an amount of pension that an employee will receive on retirement, usually dependant on one or more factors such as, years of service and compensation.

Members contribute at the rate of 8% of earnings

The Group pays the balance of cost to secure the promised benefits. This is subject to a minimum of the member's total contributions.

The asset recognized in the consolidated statement of financial position in respect of a defined benefit pension plan is the fair value of plan assets less the present value of the defined benefit obligations at the consolidated statement of financial position date, together with adjustments for unrecognized actuarial gains and losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality Government bonds.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of the plan assets or 10% of the defined benefit obligations are charged or credited to income over the employees expected average remaining working lives.

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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(vi) Pension Obligations – (Continued)

Past service costs are recognized immediately in the consolidated statement of comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in the service for a specific period of the time (the vesting period). In this case, the past-service cost is amortized on a straight-line basis over the vesting period.

(vii) Investment Properties

Investment properties, principally comprising office buildings and freehold land, are not occupied by the Group and are held for long-term rental yields and capital appreciation. Investment properties are treated as a long-term investment and are carried at fair value, representing open market value determined annually by the directors. The fair value of investment property held for long-term rental yields is based on discounted cash flow projections. Changes in fair value are recorded in the consolidated statement of comprehensive income. For investment property held for capital appreciation fair value was determined by management.

(viii) Financial Instruments

(a) Recognition

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

(b) Measurement

Financial instruments are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument. Transaction costs directly attributable to the acquisition of the instrument at fair value through profit or loss are recognized immediately in profit or loss.

(c) Classification

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

(d) Measurement

(i) Financial Asset at Amortized Cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL;

- The assets are held with a business model, whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payment of Principal and Interest (SPPI).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(viii) Financial Instruments – (Continued)

(d) Measurement – (Continued)

(ii) Financial Asset at FVOCI

- Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest.
- On initial recognition of equity investment that is not held for trading the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI), unless the instrument is designated in a fair value hedge relationship. Upon de-recognition, realized gains and losses are reclassified from OCI and recorded in Other Income in profit or loss. Foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognized in the profit or loss.

(iii) Financial Asset at FVTPL

- Debt Instruments Measured at FVTPL

Debt instruments are measured at FVTPL if assets:

- (i) Are held for trading purposes;
- (ii) Are held as part of a portfolio managed on a fair value basis; or
- (iii) Whose cash flows do not represent payments that are solely payments of principal and interest?

These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in profit or loss as part of Other Income. Realized and unrealized gains and losses are recognized as part of Other Income in profit or loss.

- Equity Instruments

These are investment securities that have a claim on the issuer's earnings and assets. The Group's equity instruments are measured at the fair value through profit or loss and fair value through the comprehensive income (with no recycling).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(viii) Financial Instruments – (Continued)

(e) De-recognition

(1) Financial Assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfer the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of: –

- (i) The consideration received (including any new asset obtained less any new liability assumed); and
- (ii) Any cumulative gain or loss that had been recognized in Other Comprehensive Income (OCI) is recognized in profit or loss.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

(2) Financial Liabilities

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

De-recognition of Financial Liabilities

The Group derecognizes financial liabilities when its obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(f) Impairment of Financial Instruments

The Group recognizes an allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortized cost or at FVOCI, and contract assets, as well as on financial guaranteed contracts. The ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(viii) Financial Instruments – (Continued)

(f) Impairment of Financial Instruments – (Continued)

The Group uses the simplified approach to assess credit losses for loans and receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The estimation of ECL for each stage and the assessment of significant increases in credit risk consider information from past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information may require significant judgement.

- (ix) Value Added Tax –** Revenues, expenses and assets are recognized net of the amount associated with VAT, unless it is not recoverable from the tax authority. In this case it is recognized as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

(x) Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and works in progress comprise raw material cost only. It excludes borrowing cost, net realizable value in the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

(xi) Trade and Other Receivables

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(xii) Insurance Contracts

(a) Types of Insurance Contracts

These contracts are workmen's compensation and property all risk.

Workmen's compensation insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Motor Vehicle contracts indemnify the Group's customers for their legal requirements under the applicable Road Traffic Act, which in certain instances stipulated unlimited coverage for third party liability. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

For all these contracts, premiums are recognized as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums. Premium income includes premiums collected by agents and brokers not yet passed to the group.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs that arose from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(xii) Insurance Contracts – (Continued)

(b) Reinsurance Contracts Held

The Group assumes and cedes reinsurance in the normal course of business. Reinsurance assets primarily include balance due from reinsurance companies or ceded insurance liabilities.

- Reinsurance Assets

Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts. The benefits to which the Group is entitled under its reinsurance contracts held are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

- Reinsurance Liabilities

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when due. In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Group's property or workmen's compensation insurance contracts. Where the premium due to the reinsurer differs from the liability established by the Group for the related claim, the difference is amortized over the estimated remaining settlement period.

(c) Receivables and Payables related to Insurance Contracts

Receivables and payables are recognized when due. These include amounts due to and from agents, brokers, and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the consolidated statement of comprehensive income. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is calculated under the same method used for these financial assets. These processes are described in Note (viii).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(xii) Insurance Contracts – (Continued)

(d) Salvage and Subrogation Reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property. Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

(e) Provision for Unexpired Risks

Provision for unexpired risks represents amounts set aside at the end of the year in respect of subsequent risk to be borne by the Group under contracts of insurance in force at the end of the year and have been computed as follows:

Property, Liability, Accident and Other	- 10% of the Provision for Unearned Premiums
Motor	- 6.7% of the Provision for Unearned Premiums

(f) Outstanding Claims

Outstanding claims are stated net of reinsurance and other recoverable, provisions are made for claims incurred but not reported, calculated at 20% of the outstanding net reserve.

(g) Reserves

Statutory Reserve

A statutory reserve is maintained in accordance with the provision of section 171 of The Insurance Act, 1980 of Trinidad and Tobago, where companies are required to appropriate towards a statutory reserve at least 25% of the prior years' profit until the excess of assets over liabilities equals or exceeds the reserve in respects of its unearned premiums.

Catastrophe Reserve

As required by Section 44 (1) of the Insurance Act 2018 of Trinidad and Tobago at least 20% of the Company's net written premium income on its property insurance business for that year is to be appropriated towards a Catastrophe Reserve until such surplus equals to the net written premium income on the insurer's property insurance business for that year. This reserve is not distributable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(xiii) **Taxation**

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is possible that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled, or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(xiii) Taxation – (Continued)

Current Tax and Deferred Tax for the Year

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity. In which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(xiv) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the statement of consolidated cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(xv) Borrowings

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

(xvi) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortized cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(xvii) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more probable than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Where there are a number of similar obligations as a whole.

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

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

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NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(xvii) Provisions – (Continued)

When some or all economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

(xviii) Dividend Distributions

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the period in which the Group's directors approve the dividends.

(xix) Share Capital

Shares are classified as equity when there are no obligations to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Where any Group purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Group's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

(xx) Revenue Recognition

(a) Sales/Insurance Contract Revenue

Sales are recognized upon delivery of products and customer acceptance, if any, or performance of services, net sales taxes and discounts.

(b) Rental Income

Revenue includes rental income from properties, car-park facility and motor vehicles.

Rental income from operating leases is recognized in income on a straight-line basis over the lease term. When the Group provides incentives to its customers, the cost of incentives are recognized over the lease terms on a straight-line basis, as a reduction of rental income.

(c) Investment Income

Interest income for all interest-bearing financial instruments is recognized in the income statement within investment income using the effective interest method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(xx) Revenue Recognition – (Continued)

(d) Commissions Income

Reinsurance commission is based on a percentage of the reinsurance premiums ceded. These amounts are accounted for on the accrual basis.

The fee is recognized as revenue in the period in which it is received unless these relate to service to be provided in future periods. If the fees are for services to be provided in future periods, these are deferred and recognized in the income statement as the service is provided over the term of the contract.

(xxi) Related Parties

A party is related to the Group, if:

1. directly, or indirectly through one or more intermediaries, the party:
 - a) is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries);
 - b) has a direct or indirect interest in the group that gives it significant influence; or
 - c) has joint control over the group;
2. the party is an associate of the group;
3. the party is a joint venture in which the group is a venturer;
4. the party is a member of the key management personnel of the group or its parent;
5. the party is a close member of the family of any individual referred to in (i) or (iv);
6. the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
7. the party is a post-employment benefit plan for the benefit of employees of the group, or of any entity is a related party of the group.

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

The Group has a related party relationship with its directors and key management personnel, representing certain senior directors, its subsidiary companies and all their affiliates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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FURNESS TRINIDAD LIMITED

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NOTE C – CRITICAL ACCOUNTING ESTIMATES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(i) The Ultimate Liability arising from made under Insurance Contracts

Ultimate liability arising from claims under insurance contracts is the Group's most crucial accounting estimate. There are several sources of uncertainty that needs to be considered in the estimate of this liability that the Group will ultimately pay for such claims.

The majority of those claims are made up of workmen's compensation, fire loss and motor vehicle claims. The values of such claims are individually assessed as it relates to salary and wages, extent of damage to property due to fire/earthquake and an independent valuation of motor vehicles.

(ii) Impairment of Financial Instruments

The Group determines that investment securities, equity financial assets are impaired when there have been a significant or prolonged decline in the fair value below cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology and financing and operational cash flows.

Under IFRS 9 the Group applies an impairment model that recognizes expected credit losses (ECL) on financial assets measured at amortized cost and FVOCI.

At initial recognition, an allowance is required for ECL resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) ('12-month ECL').

In the event of a significant increase in credit risk (SICR) an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognized are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment and are therefore considered to be in default or otherwise credit-impaired are in 'stage 3'.

(iii) Pension Benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the retirement benefit asset and pension obligations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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NOTE C – CRITICAL ACCOUNTING ESTIMATES – (Continued)

(iv) **Estimated Fair Value of Investment Properties**

The fair values of investment properties have been estimated by the directors. The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the group determines the amount within a range of reasonable fair value estimates. In making its judgement, the group considers information from a variety of sources including:

- (a) Current price in an active market for properties of a different nature, condition or location (or subject to different leases or other contracts) adjusted to reflect those differences.
- (b) Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transaction that occurred at those prices.

NOTE D – MANAGEMNT OF INSURANCE AND FINANCIAL RISK

Insurance Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and number of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio.

The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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FURNESS TRINIDAD LIMITED

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NOTE D – MANAGEMNT OF INSURANCE AND FINANCIAL RISK – (Continued)

Insurance Risk – (Continued)

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(a) Workmen's Compensation Insurance Risk

(i) Frequency and Severity of Claims

The frequency and severity of claims can be affected by several factors. The Group manages these risks through is underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amounts of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payments of some or all cost (i.e. subrogation).

(ii) Sources of Uncertainty in the Estimation of Future Claim Payments

Claims on workmen's compensation contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a larger element of the claims provision related to Incurred But Not Reported claims (IBNR).

There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risk of the business activities carried out by individual contract holders and risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability coverage) or members of the public (for public liability coverage). Such awards are lump sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The estimated cost of claims includes direct cost to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claim's exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the statement of financial position date. The amount of workmen's compensation claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Workmen's compensation contracts are also subject to emergence of new types of emergent claims, but no allowance is included for this at the end of the reporting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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NOTE D – MANAGEMNT OF INSURANCE AND FINANCIAL RISK – (Continued)

Insurance Risk – (Continued)

(a) Workmen's Compensation Insurance Risk – (Continued)

(ii) Sources of Uncertainty in the Estimation of Future Claim Payments – (Continued)

In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimated techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The initial loss-ratio estimate is an important assumption in the estimation techniques and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of cost settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For workmen's compensation contracts, the IBNR proportion of the total liability is usually high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims to be paid the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected by taking into account the characteristics of the business class and extent of the development of each accident year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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NOTE D – MANAGEMENT OF INSURANCE AND FINANCIAL RISK – (Continued)

Insurance Risk – (Continued)

(b) Property Insurance Risk

(i) Frequency and Severity of Claims

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, flooding, hurricanes, etc.) and their consequences (for example, subsidence claims). For certain contracts, the Group's exposure to claims is limited to sums insured and or statutory liability in any policy year.

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of properties and contents insured and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm or flood damage.

The Group has reinsurance coverage for such damage to limit such losses in any one year.

(ii) Sources of Uncertainty in the Estimation of Future Claim Payments

Property claims are analyzed separately for subsidence and non-subsidence claims. The development of large losses/catastrophes is analyzed separately. Non-subsidence claims can be estimated with greater reliability, and the Group estimation processes reflect all the factors that influence the amount of timing of cash flows from these contracts. The shorter settlement period for these claims allows the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

NOTE E – FINANCIAL RISK MANAGEMENT

Financial Risk Factors – The Group's activities expose it to a variety of financial risks: marketing risk (including foreign currency risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market Risk

Market risk is the risks that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, currency risk and other price risk.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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NOTE E – FINANCIAL RISK MANAGEMENT – (Continued)

(a) Market Risk – (Continued)

Foreign Currency Risk

The Group has both assets and liabilities denominated in foreign currencies, which act as a natural hedge, which is monitored by the Financial Director.

Foreign Currency Sensitivity

The U.S dollar is the only currency to which the Group is subject to foreign currency risk for years 2021 and 2022. The U.S dollar remained stable against the TT dollar for 2022.

The profit was not affected materially because there are no major U.S balances existing at year-end with the exception of two U.S bank accounts.

Price Risk

The Group is not exposed to significant price risk, as investments mainly comprise Government and Home Mortgage Bank Bonds, which are considered risk free.

(b) Credit Risk

The Group's exposure to credit risk lies primarily with its trade receivables. The Group does periodic credit reviews of its customer's financial status. Customers are not rated independently however management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set by the board, which regularly monitors the utilization of credit limits. No credit limits were exceeded during the reporting period.

	Neither past due nor impaired \$'000	Past due but not impaired \$'000	Total \$'000
As at December 31, 2022			
Loans and receivables	13,817	2,027	15,844
Reinsurance assets	21,554	-	21,554
	<u>35,371</u>	<u>2,027</u>	<u>37,398</u>
As at December 31, 2021			
Loans and receivables	10,200	4,987	15,187
Reinsurance assets	17,362	-	17,362
	<u>27,562</u>	<u>4,987</u>	<u>32,549</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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NOTE E – FINANCIAL RISK MANAGEMENT – (Continued)

Financial assets that are past due are assessed for impairment based on the credit worthiness of the debtor, historical payment patterns and the amounts received subsequent to the year end.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter-party default rates:

	2022 \$'000	2021 \$'000
Counter parties without external credit rating		
Group 1 ('A' rating)	21,554	17,362
Group 2	15,844	15,187
	<u>37,398</u>	<u>32,549</u>

(a) Liquidity Risk

Prudent liquidity risk management implies maintaining available funding through an adequate amount of committed credit facilities. Due to the nature of the business, the Group maintains its funding through available committed credit lines.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Payments due by period as at the 31st December 2022: -

	Carrying Amount \$'000	0-1 Years \$'000	Over 1 Year \$'000	Total \$'000
Borrowings	118,293	53,408	64,885	118,293
Insurance liabilities	42,283	42,283	-	42,283
Other liabilities and payables	9,308	9,308	-	9,308
Total contractual obligations	<u>169,884</u>	<u>104,999</u>	<u>64,885</u>	<u>169,884</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE E – FINANCIAL RISK MANAGEMENT – (Continued)

(b) Liquidity Risk – (Continued)

Payments due by period as at 31st December 2021: –

	Carrying Amount \$'000	0-1 Years \$'000	Over 1 Year \$'000	Total \$'000
Borrowings	116,782	46,110	70,672	116,782
Insurance liabilities	36,947	36,947	-	36,947
Other liabilities and payables	8,422	8,422	-	8,422
Total contractual obligations	<u>162,151</u>	<u>91,479</u>	<u>70,672</u>	<u>162,151</u>

NOTE F – CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- To comply with the capital requirement in accordance with the Insurance Act, 2018 of Trinidad and Tobago.
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Insurance Act, 2018 of Trinidad and Tobago specifies the amount and type of capital that must be held in relation to the Group's insurance liabilities. The minimum required capital (\$15,300,000) must be maintained at all times throughout the year. The Group is also subject to insurance solvency regulations whereby it is required to maintain a surplus of assets over liabilities greater than a specific percentage of its net premium income.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as showed in the consolidated statement of financial position sheet plus net debt.

In the current year the Group met its objective for managing capital. There were no changes in the objectives, capital base or policies for capital management from the prior year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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FURNESS TRINIDAD LIMITED

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NOTE F – CAPITAL RISK MANAGEMENT – (Continued)

	2022 <u>\$'000</u>	2021 <u>\$'000</u>
Total borrowings	118,293	116,782
Less: cash at bank and in hand and short-term investments/securities	<u>(66,720)</u>	<u>(76,832)</u>
Net cash	51,573	39,950
Total equity	<u>231,982</u>	<u>244,188</u>
Total capital	<u>283,555</u>	<u>284,138</u>

NOTE G – BUSINESS SEGMENTS

The Board of Directors considers the business from a product/division perspective.

The reportable operating segments derive their revenue primarily from the sale of insurance, rental of properties, distribution of variety of products, payroll services, manufacture and distribution of cleaning products, property and motor vehicle rentals.

The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as legal expenses. The measure also excludes the effects of equity-settled share-based payments and unrealized gains and losses on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE G – BUSINESS SEGMENTS – (Continued)

	Property \$'000	Manufacturing & Trading \$'000	Service \$'000	Insurance \$'000	Total \$'000
Year ended December 31 2022					
Revenue	8,824	14,255	17,067	56,368	96,514
Inter-segment revenue	(2,880)	(49)	(4,782)	(2,871)	(10,582)
Revenue from external customers	5,944	14,206	12,285	53,497	85,932
Investment income/(loss)	-	-	-	(10,355)	(10,355)
Other income	1,424	54	7,425	4,811	13,714
Net income	7,368	14,260	19,710	47,953	89,291
Depreciation	(7,803)	(83)	(11,789)	(50)	(19,725)
Cost of goods sold	-	(6,508)	-	-	(6,508)
Net insurance cost	-	-	-	(38,257)	(38,257)
Other expenses	(16,224)	(4,272)	(5,675)	(8,161)	(34,332)
Reportable segment profit/(loss)	(16,659)	3,397	2,246	1,485	(9,531)
Finance cost	(7,921)	(6)	(42)	(5)	(7,974)
Profit/(loss) before tax	(24,580)	3,391	(2,204)	1,480	(17,505)
Taxation	6,561	(541)	(1,003)	(619)	4,398
Profit/(loss) for the year	(18,019)	2,850	1,201	861	(13,107)
Segment assets	287,446	6,373	23,176	111,498	428,493
Segment liabilities	128,241	844	4,859	49,292	183,236
Additions to property, plant and equipment and work in progress	868	118	11,052	603	12,641

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE G – BUSINESS SEGMENTS – (Continued)

	Property \$'000	Manufacturing & Trading \$'000	Service \$'000	Insurance \$'000	Total \$'000
Year ended December 31, 2021					
Revenue	9,422	12,900	17,813	46,514	86,649
Inter-segment revenue	(2,976)	(33)	(4,180)	(3,488)	(10,677)
Revenue from external customers	6,446	12,867	13,633	43,026	75,972
Investment income	-	-	-	8,440	8,440
Other income	2,219	16	5,754	5,251	13,240
Net income	8,665	12,883	19,387	56,717	97,652
Depreciation	(8,135)	(95)	(13,770)	(27)	(22,026)
Cost of goods sold	-	(6,154)	-	-	(6,154)
Net insurance cost	-	-	-	(32,679)	(32,679)
Other expenses	(14,194)	(4,566)	(4,544)	(7,458)	(30,762)
Reportable segment profit/(loss)	(13,664)	2,068	1,073	16,553	6,030
Finance cost	(5,591)	(6)	(38)	(4)	(5,639)
Profit/(loss) before tax	(19,255)	2,062	1,035	16,549	391
Taxation	3,315	(307)	85	(3,867)	(774)
Profit/(loss) for the year	(15,940)	1,755	1,120	12,682	(383)
Segment assets	290,930	4,388	23,966	113,329	432,612
Segment liabilities	125,845	572	5,477	43,258	175,152
Additions to property, plant and equipment and work in progress	5,640	65	8,818	13	14,536

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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NOTE H – PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land and Building \$'000	Motor Vehicles, Plant and Machinery, Furniture and Fixtures and Other Equipment \$'000	Total \$'000
Year ended December 31, 2022			
Opening net book amount	138,003	40,973	178,976
Additions	165	12,476	12,641
Disposals	-	(175)	(175)
Depreciation charge	(2,381)	(17,344)	(19,725)
Closing net book amount	<u>135,787</u>	<u>35,929</u>	<u>171,716</u>
At December 31, 2022			
Cost/valuation	152,404	143,577	295,981
Accumulated depreciation	(16,617)	(107,648)	(124,265)
Net book amount	<u>135,787</u>	<u>35,929</u>	<u>171,716</u>
Year ended December 31, 2021			
Opening net book amount	138,389	52,675	191,064
Additions	169	14,367	14,536
Disposals	-	(4,598)	(4,598)
Depreciation charge	(555)	(21,471)	(22,026)
Closing net book amount	<u>138,003</u>	<u>40,973</u>	<u>178,976</u>
At December 31, 2021			
Cost/valuation	152,239	131,276	283,515
Accumulated depreciation	(14,236)	(90,303)	(104,539)
Net book amount	<u>138,003</u>	<u>40,973</u>	<u>178,976</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE I – INVESTMENT PROPERTIES

	2022 \$'000	2021 \$'000
Beginning of year	89,128	89,128
End of year	89,128	89,128

Fair value is based on discounted cash flow projections. Changes in fair value are recorded in the consolidated income statement. For investment property held for capital appreciation fair value is determined by Directors' estimation.

	2022 \$'000	2021 \$'000
Rental income	8,704	9,302
Direct operating expenses arising from investment properties that generate rent income	6,787	7,277

NOTE J – FAIR VALUE HIERARCHY

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions.

These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instrument on exchange.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investment and debt instruments with significant unobservable components.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE J – FAIR VALUE HIERARCHY – (Continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at December 31, 2022				
<i>Amortized cost</i>				
Debt securities	9,385	-	-	9,385
<i>Fair value through OCI</i>				
Equity securities	-	-	113	113
<i>Fair value through profit or loss</i>				
Equity securities	-	190	-	190
Debt securities	53,813	-	-	53,813
Other securities	9,262	-	-	9,262
	<u>72,460</u>	<u>190</u>	<u>113</u>	<u>72,763</u>
As at December 31, 2021				
<i>Amortized cost</i>				
Debt securities	10,372	-	-	10,372
<i>Fair value through OCI</i>				
Equity securities	-	-	80	80
<i>Fair value through profit or loss</i>				
Equity securities	-	212	-	212
Debt securities	62,886	-	-	62,886
Other securities	10,407	-	-	10,407
	<u>83,665</u>	<u>212</u>	<u>80</u>	<u>83,957</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE J – FAIR VALUE HIERARCHY – (Continued)

Investment Securities: -

	2022 \$'000	2021 \$'000
Listed securities		
Equity securities	303	292
Debt securities	62,870	72,930
Other securities	9,590	10,735
	<u>72,763</u>	<u>83,957</u>

Investment securities categorized by measurement criteria:

	2022 \$'000	2021 \$'000
Amortized cost	9,580	10,372
Fair value through other comprehensive income	113	80
Fair value through profit or loss	63,070	73,505
	<u>72,763</u>	<u>83,957</u>

The investments are solely denominated in Trinidad and Tobago dollars and therefore these portfolios are not exposed to foreign currency risk.

The movement in the Group's financial assets (excluding loans and receivables – See Note I) are summarized in the table below:

	2022 \$'000	2021 \$'000
Balance at beginning of year	83,957	79,118
Additions	194	8,246
Interest income/(expense)	(10,402)	-
Maturities/disposals	(986)	(3,407)
Balance at end of year	<u>72,763</u>	<u>83,957</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE J – FAIR VALUE HIERARCHY – (Continued)

Investment securities include the following: -

	2022 \$'000	2021 \$'000
Murphy Clarke Financial Limited	28,200	34,573
Sheppard Securities Limited	21,689	23,907
Scotiabank T&T Limited	9,068	10,407
Admiral Limited	3,924	4,406
Central Bank of Trinidad and Tobago	9,058	9,058
Trinidad and Tobago Mortgage Finance	-	986
Unit Trust Corporation	190	212
TRINRE Insurance Company Limited	113	80
Government of Trinidad and Tobago 3.3% Bonds	521	328
	<u>72,763</u>	<u>83,957</u>

NOTE K – DEFERRED INCOME TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the current tax assets against the current tax liabilities and when the deferred tax relates to the same fiscal authority. The offset amounts are as follows.

	2022 \$'000	2021 \$'000
Deferred tax assets		
Losses available for future offsets	33,745	26,695
Retirement benefit assets	2,574	2,509
Deferred tax liabilities		
Accelerated tax depreciation	(11,196)	(10,713)
Net deferred tax asset	<u>25,123</u>	<u>18,491</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE K – DEFERRED INCOME TAX – (Continued)

The movement in the deferred income tax account is as follows.

	Losses Available for Future offset \$'000	Accelerated tax Depreciation \$'000	Retirement Benefit asset \$'000	Total \$'000
Year ended December 31, 2022				
Balance at January 01, 2022	26,696	(10,714)	2,509	18,491
Charges to statement of comprehensive income	<u>7,049</u>	<u>(482)</u>	<u>65</u>	<u>6,632</u>
Balance at December 31, 2022	<u><u>33,745</u></u>	<u><u>(11,196)</u></u>	<u><u>2,574</u></u>	<u><u>25,123</u></u>
Year ended December 31, 2021				
Balance at January 01, 2021	21,691	(9,972)	2,535	14,254
Charge to statement of comprehensive income	<u>5,005</u>	<u>(742)</u>	<u>(26)</u>	<u>4,237</u>
Balance at December 31, 2021	<u><u>26,696</u></u>	<u><u>(10,714)</u></u>	<u><u>2,509</u></u>	<u><u>18,491</u></u>

NOTE L – INVENTORY

	2022 \$'000	2021 \$'000
Raw materials	2,250	898
Packaging materials	842	753
Finished goods	<u>2,989</u>	<u>3,844</u>
	<u><u>6,081</u></u>	<u><u>5,495</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE M – TRADE AND OTHER RECEIVABLES

	2022 \$'000	2021 \$'000
Trade receivables	4,837	2,520
Due from contract holder and agents' brokers	8,871	9,663
	<u>13,708</u>	<u>12,183</u>
Less: Allowance for expected credit losses	(234)	(361)
	<u>13,474</u>	<u>11,822</u>
Other receivables and prepayments	2,370	3,365
	<u>15,844</u>	<u>15,187</u>

The Group has recognized a net gain of \$182 in profit or loss in respect of the expected credit losses for the year ended December 31, 2022. The application of IFRS 9 for prior year has been reflected in the current year as prior year adjustment.

	2022 \$'000	2021 \$'000
Allowance for expected credit losses		
Balance at start of year	361	543
Charge for the year	(127)	(182)
	<u>234</u>	<u>361</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE N – INSURANCE LIABILITIES AND REINSURANCE ASSETS

	2022 <u>\$'000</u>	2021 <u>\$'000</u>
Gross		
Short-term contracts:		
Claims reported and loss adjustments expenses	11,191	12,197
Claims incurred but not reported	2,238	2,439
Unearned premiums	26,359	20,387
Unexpired risk provision	2,495	1,924
Total insurance liabilities-gross	<u>42,283</u>	<u>36,947</u>
Recoverable from reinsurers		
Short-term contracts:		
Claims reported and loss adjustment expenses	4,588	4,588
Claims incurred but not reported	918	918
Unearned premiums	14,718	10,879
Unexpired risk provision	1,330	977
Total reinsurer's share of insurance liabilities	<u>21,554</u>	<u>17,362</u>
Net		
Short-term insurance contracts:		
Claims reported and loss adjustment expenses	6,603	7,609
Claims incurred but not reported	1,320	1,521
Unearned premiums	11,641	9,508
Unexpired risk provision	1,165	947
Total reinsurer's share of insurance liabilities	<u>20,729</u>	<u>19,585</u>
Current	62	11,058
Non-current	20,667	8,527
	<u>20,729</u>	<u>19,585</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE N – INSURANCE LIABILITIES AND REINSURANCE ASSETS – (Continued)

Claims and Loss Adjustments Expenses

	2022 Gross \$'000	2022 Reinsurance \$'000	2022 Net \$'000
Claims outstanding	12,197	(4,588)	7,609
IBNR	2,439	(918)	1,521
Total at beginning of year	14,636	(5,506)	9,130
Claims paid for the year	(2,823)	544	(2,279)
Increase in liabilities:			
Prior year	4,209	(3,132)	1,077
Current year	(2,593)	2,588	(5)
Total at end of year	13,429	(5,506)	7,923
Claims outstanding	11,191	(4,588)	6,603
IBNR	2,238	(918)	1,320
Total at end of year	13,429	(5,506)	7,923
	2021 Gross \$'000	2021 Reinsurance \$'000	2021 Net \$'000
Claims outstanding	10,393	(4,955)	5,438
IBNR	2,079	(991)	1,088
Total at beginning of year	12,472	(5,946)	6,526
Claims paid for the year	(3,918)	423	(3,495)
Increase in liabilities:			
Prior year	4,208	(3,132)	1,076
Current year	1,874	3,149	5,023
Total at end of year	14,636	(5,506)	9,130
Claims outstanding	12,197	(4,588)	7,609
IBNR	2,439	(918)	1,521
Total at end of year	14,636	(5,506)	9,130

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE N – INSURANCE LIABILITIES AND REINSURANCE ASSETS – (Continued)

Provision for Unsecured Premiums and Unexpired Short-term Insurance Risk

	2022 Gross \$'000	2022 Reinsurance \$'000	2022 Net \$'000
Unearned premium provision:			
At beginning of year	20,387	(10,879)	9,508
Decrease in period	5,972	(3,839)	2,133
Total at end of year	<u>26,359</u>	<u>(14,718)</u>	<u>11,641</u>
Unearned risk provision			
At beginning of year	1,924	(977)	947
Decrease in the period	571	(353)	218
Total at end of year	<u>2,495</u>	<u>(1,330)</u>	<u>1,165</u>
	2021 Gross \$'000	2021 Reinsurance \$'000	2021 Net \$'000
Unearned premium provision:			
At beginning of year	24,557	(13,442)	11,115
Decrease in period	(4,170)	2,563	(1,607)
Total at end of year	<u>20,387</u>	<u>(10,879)</u>	<u>9,508</u>
Unearned risk provision:			
At beginning of year	2,356	(1,249)	1,107
Decrease in the period	(432)	272	(160)
Total at end of year	<u>1,924</u>	<u>(977)</u>	<u>947</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE O – DEVELOPMENT CLAIM TABLES

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position. An accident-year basis is considered to be most appropriate for the business written by the Group.

Given the nature of claims and the difficulties in identifying an accident year for each reported claim, these claims are reported separately and aggregated by reporting year (reporting year basis) – i.e., with reference to the year in which the Group was notified of the claims.

(i) Insurance Claims – Gross

	<u>2020</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Estimate of ultimate claims costs:				
At end of year	10,393	12,197	11,191	11,191
One year later	12,090	15,796	-	15,796
Two years later	<u>21,749</u>	<u>-</u>	<u>-</u>	<u>21,749</u>
Current estimate of cumulative claims	21,749	15,796	11,191	48,736
Cumulative payments to date	<u>(20,051)</u>	<u>(12,198)</u>	<u>(11,019)</u>	<u>(43,268)</u>
Liability recognized in the consolidated statement of financial position	1,697	3,599	172	5,468
Liability in respect of prior years	-	-	7,961	<u>7,961</u>
Total liability included in the consolidated statement of financial position				<u>13,429</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE O – DEVELOPMENT CLAIM TABLE – (Continued)

(ii) Insurance Claims – Net

	<u>2020</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Estimate of ultimate claims costs:				
At end of year	5,437	7,609	6,602	6,602
One year later	4,672	15,068	-	15,068
Two years later	5,246	-	-	5,246
	<u>5,246</u>	<u>15,068</u>	<u>6,602</u>	<u>26,916</u>
Current estimate of cumulative claims	5,246	15,068	6,602	26,916
Cumulative payments to date	<u>(6,011)</u>	<u>(7,609)</u>	<u>(6,712)</u>	<u>(20,332)</u>
Liability recognized in the statement of financial position	(765)	7,459	(110)	6,584
Liability in respect of prior years	-	-	1,339	1,339
Total liability included in the statement of financial position				<u>7,923</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
 (Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE P – SHARE CAPITAL

	2022 \$'000	2021 \$'000
Authorized unlimited number of ordinary shares of no-par value		
Issue and fully paid 12,075,000 ordinary shares of no-par value	<u>28,497</u>	<u>28,497</u>

NOTE Q – OTHER RESERVES

	Revaluation Reserve \$'000	Fair value Reserve \$'000	Total \$'000
Year ended December 31, 2022			
Balance at January 1, 2022	22,755	8	22,763
Balance at December 31, 2022	<u>22,755</u>	<u>8</u>	<u>22,763</u>
Year ended December 31, 2021			
Balance at January 1, 2021	22,755	8	22,763
Balance at December 31, 2021	<u>22,755</u>	<u>8</u>	<u>22,763</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE R – RETIREMENT BENEFIT LIABILITY

The amounts recognized in the statement of financial position is as follows:

	2022 \$'000	2021 \$'000
Fair value of plan assets	7,033	6,012
Present value of funded obligations	(15,611)	(14,374)
Liability recognized in the statement of financial position	<u>(8,578)</u>	<u>(8,362)</u>

The amounts recognized in the income statement are as follows:

Current service cost	443	524
Interest cost	147	90
Administration expenses	531	521
Expense recognized in the income statement	<u>1,121</u>	<u>1,135</u>
Total Expenses	<u>1,121</u>	<u>1,135</u>

The movement in the fair values of plan assets of the year is as follows:

At January, 1	6,012	5,087
Expected return on plan assets	404	322
Company contribution	1,020	478
Employee contribution	520	478
Benefit payments	(513)	-
Actuarial losses on assets	(263)	(263)
Administration expenses	(147)	(90)
At December 31	<u>7,033</u>	<u>6,012</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE R – RETIREMENT BENEFIT LIABILITY – (Continued)

The movement in the present value of the obligation is as follows:

	2022 \$'000	2021 \$'000
At January 1	14,374	13,538
Interest cost	935	843
Current service cost – employer's portion	443	524
Current service cost – employee's portion	520	478
Benefit payments	(513)	-
Actuarial gains on obligations	(148)	(1,009)
At December 31	<u>15,611</u>	<u>14,374</u>
Actual returns on plans assets:		
Expected return on plan assets	404	322
Actuarial losses on assets	(263)	(263)
Actual returns on plans assets	<u>141</u>	<u>59</u>
Movement in asset recognized in the statement of financial position:		
At beginning of year	(8,362)	(8,451)
Total income/(expense)	(1,121)	(1,135)
Contributions paid	(115)	746
Other comprehensive income	1,020	478
At end of year	<u>(8,578)</u>	<u>(8,362)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE R – RETIREMENT BENEFIT ASSET – (Continued)

The principal actuarial assumptions used for accounting purposes were:

	<u>2022</u>	<u>2021</u>
Discount rate	6.30%	6.20%
Expected return on plan assets	3.00%	3.00%
Future salary increases	3.00%	3.00%
Mortality	GAM94	GAM94

The plan assets are invested in a Deposit Administration Fund managed by Colonial Life Insurance Company Limited. Expected contributions to post employment benefit plans for the year ending December 31, 2022 are \$478,000.

	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Present value of defined benefit obligations	(15,611)	(14,374)	(13,538)	(13,131)
Fair value of plan assets	7,033	6,012	5,087	5,814
Surplus plan	<u>(8,578)</u>	<u>(8,362)</u>	<u>(8,451)</u>	<u>(7,317)</u>
Experience adjustments on plan liabilities	<u>1,027</u>	<u>956</u>	<u>(702)</u>	<u>(12,995)</u>
Experience adjustments on plan assets	<u>(263)</u>	<u>(263)</u>	<u>(197)</u>	<u>(394)</u>

Plan assets include investments managed by Colonial Life Insurance Company Limited (CLICO) and annuities issued by them. In January 2009, the Government of Trinidad and Tobago intervened in the operations of (CLICO) to provide financial support. The actuaries have assumed that all amounts due from CLICO will be fully recoverable and paid according to agreed contractual terms and past practice where applicable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED**December 31, 2022****NOTE S – BORROWINGS**

	2022 \$'000	2021 \$'000
(i) Bank – Loan	94,015	93,533
Bank overdraft	10,656	11,027
(ii) Short-term loan – I & E Investment Limited	13,622	12,221
	<u>118,293</u>	<u>116,781</u>
Borrowings:		
Current	53,408	52,378
Long-term	64,885	64,403
	<u>118,293</u>	<u>116,781</u>

- (i) The loan is presented by: - Project Loan Agreement with Republic Bank Limited and represents the first facility therein of \$92,000,000 at an annual interest rate of 6.25% to be repaid by the drawdown of the second facility of \$92,000,000 at 5.75% to be affected 15 months from the first advance under the agreement.

A Commercial Long-Term Mortgage loan with Republic Bank Limited of \$10,000,000 at an annual interest rate of 5% repayable monthly and in full by June 30, 2026.

The loan is secured by a mortgage over the Group's property over 27,044 square feet land and building thereon situated at corner Richmond Street and Independence Square, Port-of-Spain in the name of Furness Trinidad Limited, stamped collateral to the loan above.

Furness Anchorage Fire Insurance over the property above with a face value of \$100,000,000.

The bank overdraft with Republic Bank Limited is unsecured and bears interest per annum at the rate of 7.50%.

- (ii) Bankers' Acceptance of \$22,250,000 (2021: \$22,250,000) from I & E Investment Limited, the parent company. It incurs interest at a rate of 4.75% per month is unsecured with a loan period of 3 months.

NOTE T – TRADE AND OTHER PAYABLES

	2022 \$'000	2021 \$'000
Trade payables	6,874	4,789
Other payables and accruals	2,434	3,633
	<u>9,308</u>	<u>8,422</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE U – FINANCE COST

	2022 \$'000	2021 \$'000
Bank charges and interest	119	7
Loan interest	7,855	5,632
	<u>7,974</u>	<u>5,639</u>

NOTE V – TAXATION

	2022 \$'000	2021 \$'000
Current tax	1,916	4,708
Deferred tax	(6,632)	(4,235)
Green fund levy	245	301
Prior year taxes	73	1
	<u>(4,398)</u>	<u>775</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic rate of tax as follows:

Profit before taxation	<u>(17,505)</u>	<u>392</u>
Tax calculated at 30%	(5,252)	118
Income not subject to tax	25	(580)
Business levy	992	938
Green fund levy	245	301
Other differences	(547)	(404)
Tax effect of pension valuation	65	(27)
Prior year tax	73	429
	<u>(4,398)</u>	<u>775</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE W – EARNINGS PER SHARE BASIC

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the average number of ordinary shares during the year.

	2022 \$'000	2021 \$'000
Profit attributable to equity holders of the company	<u>(12,202)</u>	<u>841</u>
Average number of ordinary shares in issue	<u>12,075</u>	<u>12,075</u>
Basic earnings incurred per share	<u>(1.01)</u>	<u>0.06</u>

NOTE X – NET CHANGE IN CURRENT ASSETS AND LIABILITIES

	2022 \$'000	2021 \$'000
Increase in inventory	(586)	(493)
Decrease in trade and other receivables	(657)	(2,478)
(Increase)/decrease in reinsurance contracts	(4,193)	3,276
Increase/(decrease) in trade and other payables	886	1,798
Increase/(decrease) in insurance liability	5,336	(2,438)
Increase in deferred income	-	(3)
Decrease in investments	10,402	-
	<u>11,188</u>	<u>(338)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE Y – STATUTORY RESERVE

	2022 \$'000	2021 \$'000
Balance as at beginning of year	-	26,964,943
Transfer to retained earnings	-	(26,964,943)
	<u> </u>	<u> </u>
Balance as at end of year	<u> </u>	<u> </u>

According to the Insurance Act 2018, which became effective on January 1, 2022, the requirement for a statutory reserve is no longer applicable. As such the amount has been transferred to retained earnings.

NOTE Z – EXPENSES BY NATURE

These include the following:

	2022 \$'000	2021 \$'000
Other operating expenses	14,285	13,767
Depreciation	12,827	22,026
Employee benefit expenses	20,049	18,804
Net insurance costs	38,257	32,679
	<u> </u>	<u> </u>
	<u>85,418</u>	<u>87,276</u>

NOTE AA – EMPLOYEE BENEFIT EXPENSES

	2022 \$'000	2021 \$'000
Wages and salaries	18,120	17,740
National insurance	426	404
Pension income – defined benefit plan	956	466
Life and health insurance	547	338
	<u> </u>	<u> </u>
	<u>20,049</u>	<u>18,948</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE AB – NET INSURANCE COST

	2022 \$'000	2021 \$'000
Premiums to reinsurers	25,424	20,586
Change in unearned premium	2,352	(1,768)
Insurance claims and loss adjustment expenses	3,365	8,101
Insurance claims and loss adjustments expenses recovered from reinsurers	(1,749)	(2,067)
Underwriting and policy acquisition costs	8,865	7,827
	<u>38,257</u>	<u>32,679</u>

NOTE AC – DIVIDENDS PER SHARE

No dividends were paid or proposed in 2022.

NOTE AD – CONTINGENT LIABILITIES

	2022 \$'000	2021 \$'000
(i) Guarantees and indemnities	180	180
(ii) Labour dispute matters before Industrial Court	350	350
	<u>530</u>	<u>530</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE AE – OPERATING LEASES

Operating leases relate to investment property and motor vehicles owned by the group.

Investment Property

The lease terms are between one to five years, with an option to renew at the end of the term. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee do not have an option to purchase the property at the expiry of the lease period.

Motor Vehicles

The lease terms are between one to five years. There is no option to renew at the end of the term and lessee does not have the option to purchase the vehicle at the expiry of the lease period.

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
No later than 1 year	6,759	6,759
Later than 1 year and no later than 5 years	27,034	27,034
	<u>33,793</u>	<u>33,793</u>

NOTE AF – RELATED PARTIES

The group is controlled by I & E Investments Limited, which owns 90% of the Group's shares.

A short-term loan of \$22,250,000 was provided by the ultimate parent company, I & E Investments Limited bearing interest at a rate of 4.75% (2021 - 4.75%). Interest paid amounted to \$1,056,875 (2021 - \$1,056,875).

The remuneration of Directors and other members of key management personnel for the year was \$13,661,900 (2021 - \$13,661,900).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE AG – COMMITMENTS AND CONTINGENCIES

- (i) On November 22, 2017, Furness Trinidad Limited received a threatening claim on behalf of an employee for wrongful deduction of salaries, bonus and other entitlements. The quantum of the claim may increase if there were to be a claim for wrongful dismissal.

The Board of Directors of Furness Trinidad Limited expresses no opinion at this stage on the outcome and the quantum of loss or liability, if any, on the claim.

- (ii) The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It has not anticipated that any material liabilities will arise from the contingent liabilities.

	2022 \$'000	2021 \$'000
Custom bond	<u>325</u>	<u>325</u>

NOTE AH – FINANCIAL INSTRUMENTS

Fair Values – The carrying amount of the following financial assets and liabilities approximate to their fair value: cash at bank, trade receivables, bank overdraft and other payables and accruals.

NOTE AI – CATASTROPHY RESERVE

	2022 \$'000	2021 \$'000
Balance as at beginning of year	4,368,169	2,318,522
Transfer from retained earnings	3,621,924	2,049,647
Balance at end of year	<u>7,990,093</u>	<u>4,368,169</u>

According to the Insurance Act 2018, which became effective on January 1, 2022, the requirement for a statutory reserve is no longer applicable. As such the amount has been transferred to retained earnings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
 (Expressed in Trinidad and Tobago Dollars)

FURNESS TRINIDAD LIMITED

December 31, 2022

NOTE AJ – SUBSIDIARIES AND RELATED PARTIES

<u>Company</u>	<u>Incorporated</u>	<u>%Holding</u>
Furness Anchorage General Insurance Limited	Trinidad and Tobago	99.99%
Furness Chemicals Limited	Trinidad and Tobago	99.99%
Furness Investments Limited	Trinidad and Tobago	99.99%
Furness Personnel Services Limited	Trinidad and Tobago	99.99%
Furness Properties Limited	Trinidad and Tobago	99.99%
Furness Rentals Limited	Trinidad and Tobago	99.99%
Furness Shipping and Marketing Limited	Trinidad and Tobago	99.99%
FEP Services Limited	Trinidad and Tobago	100%
Furness Re Incorporated	St. Lucia	100%