The Cayman Islands Stock Exchange Ltd.

Financial Statements

for the year ended
31 December 2021
and Independent Auditor's Report

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.
FINANCIAL STATEMENTS

for the year ended 31 December 2021

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The Cayman Islands Stock Exchange Ltd.

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by The Cayman Islands Stock Exchange Ltd. (the "Company") in accordance with the provisions of the *Public Management and Finance Act (2020 Revision).*

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Act (2020 Revision).*

As Chairman and Chief Executive Officer, we are responsible for establishing and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly reflect the financial transactions of the Company.

As Chairman and Chief Executive Officer we are responsible for the preparation of the Company's financial statements and for the judgements made in them.

The financial statements fairly present the statements of comprehensive income, financial position, changes in shareholder's equity, and cash flows, as well as the explanatory information, for the year ended 31 December 2021.

To the best of our knowledge we represent that these financial statements:

(a) are complete and reliably reflect the financial transactions of the Company for the year ended 31 December 2021;

(b) fairly reflect the financial position as at 31 December 2021 and performance for the year ended 31 December 2021;

(c) comply with International Financial Reporting Standards under the responsibility of the International Accounting Standards Board.

The Office of the Auditor General and its agent jointly conducted an independent audit and expressed an opinion on the accompanying financial statements. The Office of the Auditor General and its agent have been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.



Anthony Travers
Chairman
The Cayman Islands Stock Exchange Ltd.

29 April 2022



Marco S. Archer
Chief Executive Officer
The Cayman Islands Stock Exchange Ltd.

29 April 2022

Phone: (345) - 244-3211
Fax: (345) - 945-7738
AuditorGeneral@oag.gov.ky
www.auditorgeneral.gov.ky

3rd Floor, Anderson Square
64 Shedden Road, George Town
P.O.Box 2583
Grand Cayman, KY1-1103, Cayman Islands

AUDITOR GENERAL'S REPORT

To the Council of The Cayman Islands Stock Exchange Ltd.

Opinion

I have audited the financial statements of The Cayman Islands Stock Exchange Ltd. (the "Stock Exchange"), which comprise the statement of financial position as at 31 December 2021 and the statement of comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year ended 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 9 to 25.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Stock Exchange as at 31 December 2021 and its financial performance and its cash flows for year ended 31 December 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Stock Exchange 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 my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. In rendering my audit opinion on the financial statements of the Stock Exchange, I have relied on the work carried out on my behalf by a public accounting firm who performed their work in accordance with International Standards on Auditing.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

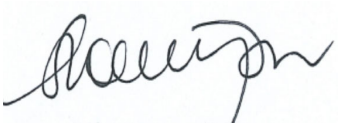
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Stock Exchange '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 Stock Exchange's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Stock Exchange to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

AUDITOR GENERAL'S REPORT (continued)

I have undertaken the audit in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Act (2020 Revision).* I 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 I identify during my audit.



Sue Winspear, CPFA
Auditor General

29 April 2022
Cayman Islands

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Statement of Comprehensive Income

for the year ended 31 December 2021

(expressed in Cayman Islands dollars)

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Revenues			
Operations	3	$ 3,635,110	$ 2,826,580
CUSIP	3	949,880	1,090,887
Miscellaneous		12,300	12,300
Interest		461	1,363
		4,597,751	3,931,130
Operating expenses			
Personnel	11,12	1,061,898	969,747
Legal and professional fees		131,383	33,537
Impairment allowances	7	212,053	(6,546)
Marketing, travel and subsistence	13	5,559	27,493
Lease of office		3,080	6,470
CUSIP		276,134	397,558
Memberships, subscriptions and publications		33,384	46,508
Utilities		45,926	40,179
Technology		75,393	44,630
Bloomberg terminals		22,406	22,140
Depreciation	4, 8	145,203	147,577
Amortisation		875	1,312
Other office and miscellaneous		59,483	31,449
Lease finance charges	8	23,612	16,955
Printing, postage, courier and stationery		1,374	3,671
Disaster recovery		8,702	8,758
Insurance		11,305	10,988
Training		6,552	3,026
		2,124,322	1,805,452
Net income and comprehensive income		**$ 2,473,429**	**$ 2,125,678**

See notes to financial statements

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Statement of Financial Position

31 December 2021

(expressed in Cayman Islands dollars)

	Note	31 December 2021	31 December 2020
Current assets			
Cash and cash equivalents	6,7	$ 8,410,338	$ 6,426,893
Trade receivables (net of impairment allowances: $266,497 (2020: $121,133))	7	491,106	540,729
Prepayments and other receivables	3	60,515	35,131
Total current assets		8,961,959	7,002,753
Non-current assets			
Right of use assets	8	474,959	501,916
Property, plant and equipment	4	399,387	474,159
Intangible assets		-	875
Total non-current assets		874,346	976,950
Total assets		**$ 9,836,305**	**$ 7,979,703**
Current liabilities			
Accounts payable and accrued liabilities		241,755	220,929
Contract liabilities	3	277,626	300,460
Lease liabilities	8	51,735	56,808
Dividend payable	9	1,236,714	1,062,839
Total current liabilities		1,807,830	1,641,036
Non-current liabilities			
Contract liabilities	3	1,816,945	1,351,033
Lease liabilities	8	437,508	450,327
Total non-current liabilities		2,254,453	1,801,360
Total liabilities		**4,062,283**	**3,442,396**
Shareholder's equity			
Share capital	9	100,000	100,000
Additional paid-in capital		71,926	71,926
Retained earnings		5,602,096	4,365,381
Total shareholder's equity		**5,774,022**	**4,537,307**
Total liabilities and shareholder's equity		**$ 9,836,305**	**$ 7,979,703**

See notes to financial statements

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Statement of Changes in Shareholder's Equity

for the year ended 31 December 2021

(expressed in Cayman Islands dollars)

	Note	Share capital	Additional paid-in capital	Retained earnings	Total shareholder's equity
Balance at 31 December 2020		$ 100,000	$ 71,926	$ 3,909,682	4,081,608
Net income and comprehensive for the year		-	-	2,125,678	2,125,678
Dividends	9	100,000	71,926	(1,669,979)	(1,669,979)
Balance at 31 December 2020		100,000	71,926	4,365,381	4,537,307
Net income and comprehensive income for the year		-	-	2,473,429	2,473,429
Dividends	9	-		(1,236,714)	(1,236,714)
Balance at 31 December 2021		**$ 100,000**	**$ 71,926**	**$ 5,602,096**	**$ 5,774,022**

See notes to financial statements

THE CAYMAN ISLANDS STOCK EXCHANGE LTD.

Statement of Cash Flows

for the year ended 31 December 2021

(expressed in Cayman Islands dollars)

	Year ended 31 December 2021	Year ended December 31, 2020
Cash provided by (used in):		
Operating activities		
Net income and comprehensive income for the year	$ 2,473,429	$ 2,125,677
Adjustments for items not affecting cash:		
Increase/(Decrease) in impairment allowances	145,364	(81,160)
Amortisation	875	1,312
Depreciation	145,203	147,577
	2,764,871	2,193,406
Changes in operating assets and liabilities:		
Increase in accounts receivable	(95,741)	35,298
Increase/(Decrease) in accounts payable and accrued liabilities	20,827	(71,353)
Increase in contract liabilities	443,078	500,018
Increase/(Decrease) in prepayments and other receivab	(25,384)	121,975
Net cash provided by operating activities	3,107,651	2,779,344
Investing activities		
Purchase of property, plant and equipment	(10,617)	(53,052)
Cash used in investing activities	(10,617)	(53,052)
Financing activities		
Principal payment of lease liability	(50,750)	(55,020)
Dividends paid	(1,062,839)	(607,140)
Cash used in financing activities	(1,113,589)	(662,160)
Net increase in cash and cash equivalents	1,983,445	2,064,132
Cash and cash equivalents, beginning of year	6,426,893	4,362,760
Cash and cash equivalents, end of year	**$ 8,410,338**	**$ 6,426,893**
Supplementary information on cash flow from operating activities		
Lease finance charges paid	$ 23,612	$ 16,955
Interest received	$ 461	$ 1,363

See notes to financial statements

1. INCORPORATION AND GENERAL INFORMATION

The Cayman Islands Stock Exchange Ltd. (the "Company") was incorporated as a private company limited by shares on 26 September 1996 as CSX Ltd. pursuant to the Cayman Islands Companies Act. The Company changed its name to The Cayman Islands Stock Exchange Ltd. on 23 December 1996.

In accordance with the powers conferred by the Cayman Islands Stock Exchange Company Law (2014 Revision) the Company is engaged in carrying on the business of establishing and operating a securities market for the listing and trading of securities. This business includes the admission of persons as exchange members entitled by reason of membership of the exchange to engage in the listing and trading of securities through the facilities made available by the Company for such purposes.

The Company is wholly owned by the Stock Exchange Authority (the "Authority") on behalf of the Government of the Cayman Islands (the "Government").

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Cash and cash equivalents

The Company considers cash and short-term deposits with an original maturity of three months or less to be cash and cash equivalents.

Translation of foreign currencies

Assets and liabilities denominated, or accounted for, in currencies other than Cayman Islands dollars are translated into Cayman Islands dollars at the applicable exchange rate ruling at the Statement of Financial Position date. Foreign currency income and expense transactions are translated at the appropriate exchange rate ruling at the transaction date. Realised and unrealised gains and losses arising from such transactions are included in the Statement of Comprehensive Income. Cayman Islands dollars is the functional and reporting currency.

Property, plant and equipment recognition and valuation

Property, plant and equipment is initially recognised, at the date on which it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Subsequently, property, plant and equipment shall be carried at its cost less any accumulated depreciation and accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated and amortised using the straight-line method over their estimated useful lives as follows:

Type of non-current asset	*Estimated useful life*
Leasehold improvements	Remainder of current lease term
Computer hardware	3 years
Office furniture and equipment	10 years
Intangible assets	5 years

Leases (IFRS 16)

The Company initially applied IFRS 16 from 1 January 2019. IFRS 16 sets out requirements for companies to recognize right-of-use assets and lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. IFRS 16 introduces a single, on-balance sheet lease accounting model. A lessee recognises a right-of-use asset respecting its right to use the underlying asset and a lease liability respecting its obligation to make lease payments. The right-of-use asset is depreciated over the lease term, being 10 years. Finance charges are incurred over the remainder of the lease payments, which, reduce the lease liability balance. See Note 8.

Financial assets and liabilities

IFRS 9 *Financial Instruments* ("IFRS 9") sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Company initially adopted IFRS 9 from 1 January 2018.

Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income ("FVOCI") and Fair Value through Profit or Loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Under IFRS 9, the Company classifies its financial assets as Cash, Trade receivables and Other receivables. Trade receivables are held at amortised cost. IFRS 9 divides all financial assets into two classifications - those measured at amortised cost and those measured at fair value. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Cash and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's cash and receivables comprise trade and other receivables, short term deposits and cash and cash equivalents in the balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Financial assets are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Income.

The Company classifies its financial liabilities as accounts payables and accrued liabilities. Such financial liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or obligations to the Cayman Islands Government for dividends based on net income and comprehensive income. Accounts payable and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition

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

The Company enters into transactions whereby it transfers assets recognised in its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of comprehensive income.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Impairment

The "expected credit loss" ("ECL") model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company only has financial assets carried at amortised cost.

Allowance for credit losses

An allowance for credit losses ("ACL") is established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI, which are not subject to impairment assessment. Financial assets carried at amortized cost are presented net of ACL on the Statement of Financial Position. The Company measures the ACL on each reporting date according to a three-stage expected credit loss impairment model, with Stages 1 and 2 for performing financial assets, and Stage 3 for impaired financial assets.

Stage 1 – From initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the 12 months following the reporting date.

Stage 2 – Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognised equal to the credit losses expected over the remaining lifetime of the asset.

Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance is recognised equal to credit losses expected over the remaining lifetime of the asset.

The ECL is a discounted probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant time horizon.

Increases or decreases in the required ACL attributable to derecognitions and remeasurements due to changes in loss expectations or stage migrations are recorded in impairement losses. Write- off and recoveries are recorded against impairement allowances. The ACL represents an unbiased estimate of expected credit losses on financial assets as at the reporting date. Judgement is required in making assumptions and estimations when calculating the ACL, including movements between the three stages and the application of forward-looking information. The underlying assumptions and estimates could result in changes to the allowances from period to period that significantly affects the results of operations.

The stages don't apply to accounts receivable as lifetime losses are considered within the ECL calculation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Measurement of expected credit losses

Expected credit losses are based on a range of possible outcomes and consider available reasonable and supportable information including internal and external ratings, historical credit loss experience, and expectations about future cash flows. The measurement of expected credit losses is based primarily on the product of the instrument's probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD") discounted to the reporting date. The main difference between Stage 1 and Stage 2 expected credit losses for performing financial assets is the respective calculation horizon. Stage 1 estimates project PD, LGD and EAD over a maximum period of 12 months while Stage 2 estimates project PD, LGD and EAD over the remaining lifetime of the instrument.

Expected credit losses are discounted to the reporting period date using the effective interest rate.

The Company has adopted a "simplified approach" for trade receivables. The simplified approach, as permitted by IFRS 9, allows entities to recognise lifetime expected losses without the need to identify significant increases in credit risk (see Note 7).

Expected life

For instruments in Stage 2 or Stage 3, loss allowances reflect expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life.

Critical accounting judgements and key sources of estimation uncertainty

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The key areas of judgement or estimation are with regard to the recoverability of trade receivables. Trade receivables are considered to be recoverable in full by the Company after taking into consideration the age of the receivable, the financial stability of the debtors, and the post period-end receipts to the date of the report. Otherwise an impairment allowance is recognised against the trade receivable.

3. REVENUE

The Company generates revenue primarily from the provision of listing services to its customers. Other sources of revenue include income from the provision of CUSIPs.

In the following table, revenue from contracts with customers for the year ended 31 December 2021, is disaggregated by the Company's major service lines.

Major service lines	Year ended December 31, 2021	Year ended December 31, 2020
Listing fees	$ 3,402,722	$ 2,576,644
Cusip income	949,880	1,090,887
Listing Agent fees	194,750	215,250
Broker Member fees	30,750	30,750
Other income	19,649	17,599
Revenue from contracts with customers	$ 4,597,751	$ 3,931,130

Operating revenues are further disaggregated as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Listing fees		
Debt securities	$ 2,374,647	$ 1,531,340
Corporate debt securities	517,379	506,112
Investment funds	152,274	205,820
Specialist companies	95,940	103,320
Equity securities	81,590	107,830
Insurance linked securities	46,740	38,082
Listing document updates and other	46,248	26,084
	3,314,818	2,518,588
Other fees		
Listing agents fees	194,750	215,250
Broker membership fees	30,750	30,750
De-listing fees	87,904	58,056
NAV fees	6,888	3,936
	$ 3,635,110	$ 2,826,580

CUSIP Revenues

The Company is the exclusive Committee on Uniform Security Identification Procedures ("CUSIP") international numbering agent for issuing CUSIP numbering system identifiers for securities of issuers registered in the Cayman Islands and the British Virgin Islands.

3. REVENUE (continued)

CUSIP revenues are as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Cayman Islands	$ 893,710	$ 1,048,247
British Virgin Islands	56,170	41,164
Other	-	1,476
	$ 949,880	$ 1,090,887

IFRS 15, Revenue from Contracts with Customers

IFRS 15, *Revenue from contracts with customers* ("IFRS 15") establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a service to a customer. The Company initially applied IFRS 15 from 1 January 2018. Information about the Company's accounting policies relating to contracts with customers is provided below.

Performance obligations and revenue recognition policies

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of Service	Nature and timing of satisfaction of performance obligations	Revenue recognition policies
Initial listing	Invoices for initial listings are issued when the customer's application for listing is accepted by the Company based on the Company's published price list.	Revenue is recognised over time as the services are provided for the duration of the listing. As a result, revenue relating to the remainder of the listing period after the first year, is deferred.

3. REVENUE (continued)

Performance obligations and revenue recognition policies (continued)

Type of Service	Nature and timing of satisfaction of performance obligations	Revenue recognition policies
Annual listing	Invoices for annual listing fees are issued at the point at which the security is listed, based on the Company's published price list. Thereafter, an invoice is issued at the anniversary date of listing.	Revenue is recognised at the point in time at which the security is listed, and its anniversary thereafter.
CUSIP	Invoices for CUSIP fees are issued at the point at which the CUSIP is provided to the customer based on the Company's published price list. For one revenue stream bulk CUSIP's are paid up front and then deferred through the Statement of Financial Position and recognised in revenue when utilised.	Revenue is recognised at the point in time at which the CUSIP is issued. For bulk CUSIP's paid up front, these are deferred until utilised when the revenue is then recognised.
Listing Agent	Listing agents are invoiced at the point in time at which they are admitted as a listing agent based on the Company's published price list. Thereafter, an invoice is issued at the anniversary date of acceptance.	Revenue is recognised at the point in time at which the agent is admitted, and its anniversary thereafter.
Broker Member	Broker members are invoiced at the point in time at which they are admitted as a broker member based on the Company's published price list. Thereafter, an invoice is issued at the anniversary date of admittance.	Revenue is recognised at the point in time at which the broker member is admitted, and its anniversary thereafter.

Performance obligations satisfied over time

As a result of the reassessment of the recognition of initial listing fees, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as of 31 December 2021 is $2,005,724 (2020: $1,508,075). As a result of the assessment of certain CUSIP fees which are paid up front by a bulk buyer during the year, the aggregate amount allocated to performance obligations that are unsatisfied as of 31 December 2021 is $88,847 (2020: $143,418). These have been recorded as Contract Liabilities on the Statement of Financial Position. This revenue has been deferred, and is expected to be recognised as revenue over the expected duration of each listing. For Contract Liabilities in relation to CUSIPs, these are recognised as individual CUSIPs are issued to specific securities by the bulk buyer.

3. REVENUE (continued)

Performance obligations satisfied over time (continued)

The following table shows the split of revenue for the year ended 31 December 2021, based on the timing of revenue recognition:

	December 31, 2021	December 31, 2020
Services transferred at a point in time	$ 4,168,711	$ 3,611,643
Services transferred over time	429,040	319,487
Revenue from contracts with customers	$ 4,597,751	$ 3,931,130

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers as of 31 December 2021.

	December 31, 2021	December 31, 2020
Trade receivables	$ 491,106	$ 540,729
Contract liabilities	$ 2,094,571	$ 1,651,493

Contract liabilities primarily relate to the advance consideration received from customers for initial listing fees, for which revenue is recognised over time. As at 31 December 2021, the amount of contract liabilities is $2,094,571, which will be recognised as revenue over the duration of the listings, which is expected to occur over the next fifteen years.

Also included in Contract Liabilities are bulk CUSIP contracts which are paid for upfront and then deferred on the Statement of Financial Position until that CUSIP is assigned a security, at which point it will be recognised in revenue.

The amount of $143,154 included in contract liabilities as at 31 December 2020 has been recognised as revenue in 2021.

No amount of revenue was recognised in the year ended 31 December 2021 from performance obligations satisfied (or partially satisfied) in previous periods.

No information is provided about remaining performance obligations at 31 December 2021 that have an original expected duration of one year or less, as allowed by IFRS 15.

As a result of the adoption of IFRS 9, the Company did not have to make any consequential amendments relating to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the Statement of Comprehensive Income.

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Computer hardware and software	Office furniture and equipment	Total
Cost:				
At 31 December 2020	$ 427,569	$ 882,321	$ 73,252	$ 1,383,142
Additions/(Disposals)	-	10,617	-	$ 10,617
At 31 December 2021	$ 427,569	$ 892,938	$ 73,252	$ 1,393,759
Accumulated Depreciation:				
At 31 December 2020	$ 57,009	$ 838,633	$ 13,341	$ 908,983
Charge for the year	42,757	31,051	11,581	$ 85,389
At 31 December 2021	$ 99,766	$ 869,684	$ 24,922	$ 994,372
Net book value at 31 December 2021	**$ 327,803**	**$ 23,254**	**$ 48,330**	**$ 399,387**

	Leasehold improvements	Computer hardware and software	Office furniture and equipment	Total
Cost:				
At 31 December 2019	$ 389,396	$ 867,442	$ 236,372	$ 1,493,210
Removal of fully depreciated assets, no longer in use	-	-	(163,120)	(163,120)
Additions/(Disposals)	38,173	14,879	-	53,052
At 31 December 2020	$ 427,569	$ 882,321	$ 73,252	$ 1,383,142
Accumulated Depreciation:				
At 31 December 2019	$ 12,844	$ 802,594	$ 164,856	$ 980,294
Removal of fully depreciated assets, no longer in use	-	-	(163,120)	(163,120)
Charge for the period	44,165	36,039	11,605	91,809
At 31 December 2020	$ 57,009	$ 838,633	$ 13,341	$ 908,983
Net book value at 31 December 2020	**$ 370,560**	**$ 43,688**	**$ 59,911**	**$ 474,159**

5. COMMITMENTS

The lease payments for the year ended 31 December 2021, were $77,442, with $74,362 recognised against lease liabilities – refer to Note 8 (31 December 2020: $78,445). In September 2019, the Company entered into a 10-year lease agreement to lease the existing office premises on the 3rd floor, SIX, Cricket Square – refer to Note 8.

6. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Current and call accounts	$ 7,729,950	$ 5,746,919
Short-term fixed deposits maturing within one month	680,388	679,974
	$ 8,410,338	$ 6,426,893

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Company's operating activities expose it to various types of financial risks that are associated with the financial instruments and markets in which it invests. These financial risks include credit and counterparty risk, liquidity risk and market risk (including currency risk and interest rate risk). The Company's overall risk management program focuses on minimising potential adverse effects on the Company's operations resulting from these financial risks. The exposure to, and management of, these risks are summarised below.

Credit and counterparty risk

Credit and counterparty risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially expose the Company to credit risk consist primarily of cash and cash equivalents and trade receivables.

The Company's trade receivables do not contain any financing components. In accordance with IFRS 9, the Company calculates impairment allowances based on default rates as shown in the expected credit loss assessment table below.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Company does not require collateral in respect of trade receivables. The Company does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months. During the year ended 31 December 2021, $66,689 was written off as uncollectible (2020: $74,614), relating to trade receivables which have been outstanding for a period longer than three months and are not expected to be collected.

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Credit and counterparty risk (continued)

Trade receivables and contract assets

An analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired as at 31 December 2021 is as follows:

	31 December 2021	31 December 2020
31-60 days	$ 64,755	$ 75,136
61-90 days	56,001	33,136
91-120 days	22,664	32,085
Over 120 days	146,562	195,965
	$ 289,982	$ 336,322

As the Company provides listing services, its revenue is made up of small fees from many customers. As such, any failure of a customer to pay their fees would not have a significant impact on the financial statements of the Company. The Company's policy is to provide for an impairment allowance based on expected credit losses on both the total trade receivables balance as well as specifically identified outstanding trade receivables based on the age and assessed collectability of receivables.

Expected credit loss assessment

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31 December 2021.

Age of impaired accounts receivable, and the resultant ECLs:

	% Loss	31 December 2021	31 December 2020
30 days & less	10%	$ 24,986	$ 12,826
31-60 days	26%	23,200	10,558
61-90 days	39%	36,091	8,300
91-120 days	52%	24,404	12,585
Over 120 days	52%	157,816	76,864
Total – impaired		$ 266,497	$ 121,133

Loss rates are based on actual credit loss experience over the previous year. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Credit and counterparty risk (continued)

The movement in the impairment allowances in respect of trade receivables and contract assets during the year was as follows.

Movement in impairment allowances

	31 December 2021	31 December 2020
Balance at beginning of year	$ 121,133	$ 202,293
Impairment (recovery) losses recognised on receivables	212,053	(6,546)
Amounts written off as uncollectible	(66,689)	(74,614)
Balance at end of year	$ 266,497	$ 121,133

The following significant changes in the gross carrying amounts of trade receivables contributed to the changes in the impairment loss allowance during 2021:

1) The write off of $66,689, considered to have been provided for within the 31 December 2020 impairment allowances balance, included in the gross carrying amounts of trade receivables; and
2) The improved recoveries noted during the year as a result of enhanced monitoring of gross trade receivables balances.

These changes resulted in net increase in impairment allowances in 2021 of $145,364 (2020: net decrease of $81,127).

Cash and cash equivalents

The Company held cash and cash equivalents of $8,410,338 at 31 December 2021 (2020: $6,426,893). The Company mitigates its exposure to credit risk by placing cash with major international institutions. The Company's cash and cash equivalents consists of balances held with two financial institutions in the Cayman Islands, one with an S&P rating of A2 (31 December 2020: A2) and an additional account opened in 2021 with an S&P rating of A-1.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of its counterparties.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's primary financial liabilities are accounts payable and accrued liabilities. The Company monitors current assets and liabilities to ensure that it has sufficient liquid assets to be able to meet its future expected cash outflows. All of the Company's current financial liabilities are contractually required to be paid within one year.

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Company comprises two types of risk: currency risk and interest rate risk. The Company is not exposed to any other price risks.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company operates in the Cayman Islands ("KYD") and the main currencies of its operations are the KYD and the United States dollar ("USD"). The current monetary policy of the Cayman Islands Government is to maintain parity between the USD and the KYD, at an exchange rate of USD1:KYD0.82. Accordingly, there is currently no foreign exchange risk faced by the Company.

The only foreign currency monetary assets or liabilities held at 31 December 2021, were United States dollars as part of cash and cash equivalents in the amount of $8,194,299 (31 December 2020: $6,157,676). The impact of any fluctuation of foreign currencies would not have a material effect on the Company's net income and comprehensive income. As such, no currency risk sensitivity analysis has been prepared.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The only financial instrument upon which changes in interest rates could have an impact is a fixed deposit, renewed monthly, in the amount of $680,434 (31 December 2020: $679,974) which is shown on the Statement of Financial Position as part of cash and cash equivalents. As the financial instrument is short-term in nature and a fixed rate is set at each monthly renewal of the fixed deposit, interest rate fluctuations would not significantly impact the Company's future cash flows. As such, no sensitivity analysis for interest rate risk has been prepared.

8. LEASES

On adoption of IFRS 16, the Company recognised right-of-use assets and lease liabilities. When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. This rate was provided by The Ministry of Finance and Economic Development. The Prime Rate of 4.75% in the Cayman Islands was applied as the incremental borrowing rate. The Prime Rate was chosen on the basis that if the Company was to borrow, with the Cayman Islands Government's intervention and assistance, the Company would be able to secure borrowing at the Prime Rate.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its

8.* LEASES *(continued)

obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

The Company had assessed two warehouse rentals to be low-value items and as such an amount of $3,080 has been included in the Statement of Comprehensive Income as these are exempt from IFRS 16 for full disclosure.

The Company has assessed the estimated impact that initial application of IFRS 16 will have on its financial statements, as described below.

The Company recognised in 2019 an asset and liability for its operating lease of office space (see Note 5), with a 10 year lease term. The nature of expenses related to this lease has changed because the Company has recognised a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously in 2018, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The right of use asset recognised (net of depreciation) is $474,959 as at year end 31 December 2021. The depreciation charge is recorded on the Statement of Comprehensive Income as an expense.

	Right-of-use-asset		Right-of-use-asset
Cost:		**Cost:**	
At 31 December 2020	$ 576,611	At 31 December 2019	$ 567,808
Additions/(Disposals)	32,857	Additions/(Disposals)	8,803
At 31 December 2021	$ 609,468	At 31 December 2020	$ 576,611
Depreciation:		**Depreciation:**	
At 31 December 2020	$ (74,695)	At 31 December 2019	$ (18,927)
Charge for the year	(59,814)	Charge for the year	(55,768)
At 31 December 2021	$ (134,509)	At 31 December 2020	$ (74,695)
Net book value at At 31 December 2021	**$ 474,959**	**Net book value at At 31 December 2020**	**$ 501,916**

The lease liability is $489,243 (current liability $51,735 and non-current liability of $437,508) as at year end 31 December 2021 (2020: $507,135). An interest expense of $23,612 (2020: $16,955) is attributable to the current year and is recognised as an expense on the Statement of Comprehensive Income. Additions of $32,857 were recognised in the year. Lease payments of $74,362 (2020: $71,975) have been made during the year ended 31 December 2021.

9. SHARE CAPITAL AND DIVIDENDS

The authorised and issued share capital of the Company is $100,000 divided into 100,000 shares of $1 each. All of the shares were exclusively subscribed on behalf of the Government by the Authority in 1996 in accordance with the Stock Exchange Company Act (2014 Revision).

The present dividend policy is for the Company to pay out the greater of 5% of operating revenue for the fiscal year, or 50% of operating surplus for the fiscal year, but not exceeding the change in cash and cash equivalents less restricted cash. On April 30, 2021 the Stock Exchange Council approved a dividend payment of $1,062,839, (2020: $607,140). This dividend of $1,062,839 was accrued for as at 31 December 2020 and was fully paid to the Government during the year ended 31 December 2021. A dividend of $1,236,714 has been accrued in relation to the year ended December 31, 2021 as the company is legally required to pay this dividend.

10. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern without additional funding from the Government. The Company's overall strategy remains unchanged from 31 December 2020. The capital structure of the Company consists of issued shares, additional paid-in capital and retained earnings. The Company has no externally imposed capital requirements.

11. PERSONNEL

Included within personnel expenses are the salary, defined contribution pension plan and healthcare payments made to and on behalf of the seven members of staff employed during the year (31 December 2020: eight). For the year ended 31 December 2021, total personnel expenses amounted to $1,061,898 (31 December 2020: $969,747). Total remuneration for the Company's five key management personnel was $739,480 for the year ended 31 December 2021 which includes the employer's portion of pension expenses (31 December 2020: three key management personnel was $525,227).

12. PENSION SCHEME

As required by the Public Services Pension Act of the Cayman Islands, the Company has established for its employees a defined contribution pension scheme with the Cayman Islands Pension Board. The law provides for a mandatory contribution rate of 12% of the employee's salary. The total pension cost recorded during the year ended 31 December 2021, was $55,064 (31 December 2020: $51,892). This represents the employer's portion and is included in personnel expenses.

13. MARKETING, TRAVEL AND SUBSISTENCE

Marketing, travel and subsistence largely consists of promotional costs of the following:

Marketing, Travel and Subsistence

	Year ended 31 December 2021	Year ended December 31, 2020
Conferences	135	24,337
Advertising, promotional costs	5,424	3,156
	$ 5,559	$ 27,493

Conference costs of $135 relate to a meeting with Intertrust. (31 December 2020: $24,337 for attendance of conference in Las Vegas and virtual conferences in the Cayman Islands).

14. SUBSEQUENT EVENTS

Management has evaluated the possibility of subsequent events existing in the Company's financial statements through 29 April 2022, the date the financial statements were available to be issued. Management has determined that there are no further material events that would require disclosure in the Company's financial statements.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Stock Exchange Council and authorised for issue on 29 April 2022.