



Republic Funds (Barbados) Inc.

ANNUAL REPORT 2019



Republic Funds (Barbados) Inc.

Financial Statements

For the year ended 30 September 2019
(Expressed in Barbados Dollars)

REPUBLIC FUNDS (BARBADOS) INC.

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For the year ended 30 September 2019
(Expressed in Barbados dollars)

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REPUBLIC FUNDS (BARBADOS) INC.**Corporate Information****Directors**

Mr. Derwin Howell – Chairman

Mr. Anthony Clerk – Managing Director

Mr. Gerald King

Mr. William Layne

Ms. Jacqueline Quamina

Mr. Andrew Hutchinson

Secretary

Ms. Sasha Shillingford

Auditors

Ernst & Young Ltd

Chartered Accountants

One Welches

Welches

St. Thomas

Banker

Republic Bank (Barbados) Limited

Broad Street

Bridgetown

Consulting Counsel

Clarke Gittens & Farmer

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Ernst & Young
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the Republic Income Fund, the Republic Capital Growth Fund and the Republic Property Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Republic Income Fund, the Republic Capital Growth Fund and the Republic Property Fund which comprise the Statements of financial position as at 30 September 2019 and the statements of comprehensive income/(loss), statements of changes in net assets attributable to redeemable fund shareholders and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Republic Income Fund, the Republic Capital Growth Fund and the Republic Property Fund as at 30 September 2019, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), 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 for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Republic Income Fund's, the Republic Capital Growth Fund's and the Republic Property Fund'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 Republic Income Fund, the Republic Capital Growth Fund and the Republic Property Fund or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Republic Income Fund's, the Republic Capital Growth Fund's and the Republic Property Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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



INDEPENDENT AUDITOR'S REPORT (continued)

To the Shareholders of the Republic Income Fund, the Republic Capital Growth Fund and the Republic Property Fund (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Republic Income Fund's, the Republic Capital Growth Fund's and the Republic Property Fund'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 Republic Income Fund's, the Republic Capital Growth Fund's and the Republic Property Fund'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 Republic Income Fund, the Republic Capital Growth Fund and the Republic Property Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee 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.

Other Matter

This report is made solely to the shareholders of Republic Income Fund, Republic Capital Growth Fund and Republic Property Fund, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to Republic Income Fund's, the Republic Capital Growth Fund's and Republic Property Fund's shareholders those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Republic Income Fund, the Republic Capital Growth Fund and the Republic Property Fund and their shareholders, for our audit work, for this report, or for the opinion we have formed.

Ernst + Young Ltd

Barbados
29 October 2019


REPUBLIC FUNDS (BARBADOS) INC.

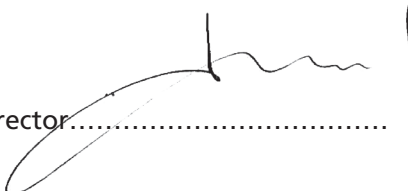
Republic Income Fund

Statement of Financial Position
As at 30 September 2019
(Expressed in Barbados dollars)

	Notes	Republic Income Fund 2019 \$	Republic Income Fund 2018 \$
ASSETS			
Cash at bank	5	1,777,266	2,113,339
Interest receivable		13,907	18,928
Withholding tax receivable		45,594	59,586
Financial assets	6	11,859,797	12,308,995
TOTAL ASSETS		13,696,564	14,500,848
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable and accrued expenses		165,848	166,583
Due to related company	7	31,718	33,140
		197,566	199,723
Net assets attributable to redeemable fund shareholders	8	13,498,598	14,300,725
TOTAL LIABILITIES		13,696,164	14,500,448
Represented by:			
Shareholder's equity	8	400	400
TOTAL LIABILITIES AND EQUITY		13,696,564	14,500,848
Net asset value per redeemable fund share		1.1924	1.1860

Approved by the Board of Directors on 25 October 2019:

Director.....


Director.....


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

REPUBLIC FUNDS (BARBADOS) INC.
Republic Income Fund

Statement of Comprehensive Income/ (Loss)
 For the year ended 30 September 2019
 (Expressed in Barbados dollars)

	Notes	Republic Income Fund 2019 \$	Republic Income Fund 2018 \$
Income			
Interest on bank balances		21	871
Interest on investments		443,560	1,187,995
Unrealised losses on financial assets		(112,706)	(5,312,944)
Dividends		10,437	8,529
Other income		-	625
		<hr/>	<hr/>
		341,312	(4,114,924)
Expenses			
Management fees	4	129,311	175,953
Custody fees	4	25,862	35,191
Other charges		51,494	25,442
Audit fees		51,000	48,000
		<hr/>	<hr/>
		257,667	284,586
Operating income/(loss) for the year		83,645	(4,399,510)
Finance costs			
Distribution to redeemable fund shareholders		-	(538,049)
		<hr/>	<hr/>
Net and total comprehensive income/(loss) for the year and net increase/(decrease) in net assets attributable to redeemable fund shareholders		83,645	(4,937,559)
		<hr/>	<hr/>

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

REPUBLIC FUNDS (BARBADOS) INC.**Republic Income Fund**

Statement of Changes in Net Assets Attributable to Redeemable Fund Shareholders
 For the year ended 30 September 2019
 (Expressed in Barbados dollars)

	Notes	Republic Income Fund 2019 \$	Republic Income Fund 2018 \$
Opening balances		14,300,725	21,852,616
Net and total comprehensive income/(loss) for the year and net increase/(decrease) in net assets attributable to redeemable fund shareholders		83,645	(4,937,559)
Shares issued during the year	8	-	848,443
Shares redeemed during the year	8	<u>(885,772)</u>	<u>(3,462,775)</u>
Closing balances		<u>13,498,598</u>	<u>14,300,725</u>

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

REPUBLIC FUNDS (BARBADOS) INC.**Republic Income Fund**

Statement of Cash Flows
 For the year ended 30 September 2019
 (Expressed in Barbados dollars)

	Republic Income Fund 2019 \$	Republic Income Fund 2018 \$
Cash flows from operating activities		
Operating income/(loss) for the year	83,645	(4,399,510)
Unrealised losses on financial assets	112,706	5,312,944
Decrease in receivables	19,013	99,151
Decrease in amounts due to related company	(1,422)	(17,855)
Decrease in financial assets	336,492	2,145,032
(Decrease)/increase in accounts payable and accrued expenses	(735)	3,670
	<hr/>	<hr/>
Net cash flows from operating activities	549,699	3,143,432
	<hr/>	<hr/>
Cash flows from financing activities		
Issuance of redeemable funds shares	-	848,443
Redemption of redeemable fund shares	(885,772)	(3,462,775)
Distributions paid	-	(538,049)
	<hr/>	<hr/>
Net cash flows used in financing activities	(885,772)	(3,152,381)
	<hr/>	<hr/>
Net decrease in cash	(336,073)	(8,949)
	<hr/>	<hr/>
Cash – beginning of year	2,113,339	2,122,288
	<hr/>	<hr/>
Cash – end of year	1,777,266	2,113,339
	<hr/>	<hr/>

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

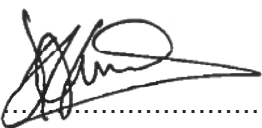
REPUBLIC FUNDS (BARBADOS) INC.

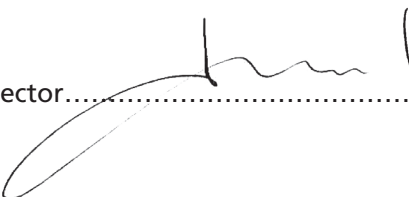
Republic Capital Growth Fund

Statement of Financial Position
As at 30 September 2019
(Expressed in Barbados dollars)

	Notes	Republic Capital Growth Fund 2019 \$	Republic Capital Growth Fund 2018 \$
ASSETS			
Cash at bank	5	293,428	167,496
Interest receivable		1,186	-
Other receivables		189,767	7,062
Withholding tax receivable		13,863	23,090
Financial assets	6	6,939,745	8,655,112
TOTAL ASSETS		7,437,989	8,852,760
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable and accrued expenses		26,196	34,023
Due to related company	7	30,019	39,532
		56,215	73,555
Net assets attributable to redeemable fund shareholders	8	7,381,374	8,778,805
TOTAL LIABILITIES		7,437,589	8,852,360
Represented by:			
Shareholder's equity	8	400	400
TOTAL LIABILITIES AND EQUITY		7,437,989	8,852,760
Net asset value per redeemable fund share		1.2560	1.4510

Approved by the Board of Directors on 25 October 2019:

Director.....

Director.....

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

REPUBLIC FUNDS (BARBADOS) INC.

Republic Capital Growth Fund

Statement of Comprehensive Loss
For the year ended 30 September 2019
(Expressed in Barbados dollars)

	Notes	Republic Capital Growth Fund 2019 \$	Republic Capital Growth Fund 2018 \$
Income			
Interest on financial assets		14,236	80,021
Dividends		217,928	232,875
Realised loss on sale of financial assets		(12,061)	-
Unrealised losses on financial assets		(1,132,866)	(989,555)
		<u>(912,763)</u>	<u>(676,659)</u>
Expenses			
Management fees	4	128,118	162,075
Custody fees	4	14,642	18,523
Other charges		54,096	7,302
Audit fees		28,200	16,200
		<u>225,056</u>	<u>204,100</u>
Net and total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders		<u>(1,137,819)</u>	<u>(880,759)</u>

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

REPUBLIC FUNDS (BARBADOS) INC.**Republic Capital Growth Fund**

Statement of Changes in Net Assets Attributable to Redeemable Fund Shareholders
 For the year ended 30 September 2019
 (Expressed in Barbados dollars)

	Notes	Republic Capital Growth fund 2019 \$	Republic Capital Growth fund 2018 \$
Opening balances		8,778,805	10,522,131
Net and total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders		(1,137,819)	(880,759)
Shares issued during the year	8	96,080	162,710
Shares redeemed during the year	8	(355,692)	(1,025,277)
Closing balances		<u>7,381,374</u>	<u>8,778,805</u>

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

REPUBLIC FUNDS (BARBADOS) INC.

Republic Capital Growth Fund

Statement of Cash Flows
 For the year ended 30 September 2019
 (Expressed in Barbados dollars)

	Republic Capital Growth Fund 2019 \$	Republic Capital Growth Fund 2018 \$
Cash flows from operating activities		
Net and total comprehensive loss for the year	(1,137,819)	(880,759)
Unrealised losses on financial assets	1,132,866	989,555
(Increase)/decrease in receivables	(174,665)	9,207
Decrease in amounts due to related company	(9,513)	(4,992)
Decrease in financial assets	582,501	35,839
Decrease in accounts payable and accrued expenses	(7,826)	(5,608)
	<hr/>	<hr/>
Net cash flows from operating activities	385,544	143,242
Financing activities		
Issuance of redeemable funds shares	96,080	162,710
Redemption of redeemable fund shares	(355,692)	(1,025,277)
	<hr/>	<hr/>
Net cash flows used in financing activities	(259,612)	(862,567)
	<hr/>	<hr/>
Net increase/(decrease) in cash	125,932	(719,325)
	<hr/>	<hr/>
Cash – beginning of year	167,496	886,821
	<hr/>	<hr/>
Cash – end of year	293,428	167,496
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The accompanying notes form an integral part of these financial statements.


REPUBLIC FUNDS (BARBADOS) INC.

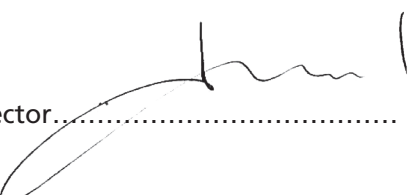
Republic Property Fund

Statement of Financial Position
As at 30 September 2019
(Expressed in Barbados dollars)

	Notes	Republic Property Fund 2019 \$	Republic Property Fund 2018 \$
ASSETS			
Cash at bank	5	611,981	-
Interest receivable		462	-
Other receivable		1,628	-
Withholding tax receivable		9,344	9,343
Financial assets	6	1,031,922	2,064,045
TOTAL ASSETS		1,655,337	2,073,388
LIABILITIES AND EQUITY			
Liabilities			
Overdraft facility	5	-	5,715
Accounts payable and accrued expenses		9,832	38,523
Due to related company	7	7,355	23,390
		17,187	67,628
Net assets attributable to redeemable fund shareholders	8	1,638,000	2,005,610
TOTAL LIABILITIES		1,655,187	2,073,238
Represented by:			
Shareholder's equity	8	150	150
TOTAL LIABILITIES AND EQUITY		1,655,337	2,073,388
Net asset value per redeemable fund share		0.7007	0.8144

Approved by the Board of Directors on 25 October 2019:

Director.....

Director.....

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

REPUBLIC FUNDS (BARBADOS) INC.

Republic Property Fund

Statement of Comprehensive Loss
 For the year ended 30 September 2019
 (Expressed in Barbados dollars)

	Notes	Republic Property Fund 2019 \$	Republic Property Fund 2018 \$
Income			
Interest on financial assets		21,580	42,158
Dividends		4,883	4,893
Impairment on investment property		(31,314)	(645,000)
Realised loss on financial assets		(78,147)	-
Unrealised losses on financial assets		(41,194)	(141,194)
Other income		31,500	14,000
		<u>(92,692)</u>	<u>(725,143)</u>
Expenses			
Management fees	4	31,905	45,341
Custody fees	4	3,646	5,182
Other charges		133,071	57,085
Audit fees		3,600	10,200
		<u>172,222</u>	<u>117,808</u>
Net and total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders		<u>(264,914)</u>	<u>(842,951)</u>

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

REPUBLIC FUNDS (BARBADOS) INC.

Republic Property Fund

Statement of Changes in Net Assets Attributable to Redeemable Fund Shareholders
 For the year ended 30 September 2019
 (Expressed in Barbados dollars)

	Notes	Republic Property Fund 2019 \$	Republic Property Fund 2018 \$
Opening balances		2,005,610	2,957,431
Net and total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders		(264,914)	(842,951)
Shares redeemed during the year	8	(102,696)	(108,870)
Closing balances		1,638,000	2,005,610

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

REPUBLIC FUNDS (BARBADOS) INC.

Republic Property Fund

Statement of Cash Flows
 For the year ended 30 September 2019
 (Expressed in Barbados dollars)

	Republic Property Fund 2019 \$	Republic Property Fund 2018 \$
Cash flows from operating activities		
Net and total comprehensive loss for the year	(264,914)	(842,951)
Impairment on investment properties	31,314	645,000
Unrealised losses on financial assets	41,194	141,194
(Increase)/decrease in receivables	(2,091)	10,046
(Decrease)/increase in amounts due to related company	(16,035)	11,351
Decrease in financial assets	959,615	31,774
(Decrease)/increase in accounts payable and accrued expenses	(28,691)	19,625
	<hr/>	<hr/>
Net cash flows from operating activities	720,392	16,039
	<hr/>	<hr/>
Cash flows used in financing activities		
Redemption of redeemable fund shares	(102,696)	(108,870)
	<hr/>	<hr/>
Net cash flows used in financing activities	(102,696)	(108,870)
	<hr/>	<hr/>
Net increase/(decrease) in cash	617,696	(92,831)
	<hr/>	<hr/>
(Overdraft)/Cash - beginning of year	(5,715)	87,116
	<hr/>	<hr/>
Cash/(Overdraft) - end of year	611,981	(5,715)
	<hr/>	<hr/>

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

REPUBLIC FUNDS (BARBADOS) INC.

Statement of Changes in Equity
 For the year ended 30 September 2019
 (Expressed in Barbados dollars)

	Republic Income Fund \$	Republic Capital Growth Fund \$	Republic Property Fund \$
Common shares			
Balances as at 30 September 2019 and 2018	400	400	150

REPUBLIC FUNDS (BARBADOS) INC.

Notes to the Financial Statements

For the year ended 30 September 2019
(Expressed in Barbados dollars)

1. Incorporation and principal activity

Republic Funds (Barbados) Inc., is an umbrella corporation registered as an open-ended public mutual fund under the Companies Act Cap 308 of the laws of Barbados for the issue and management of the Republic Bank (Barbados) family of funds in accordance with the provisions of Section 32 of the said Companies Act.

The Funds maintain their registered office Independence Square, Bridgetown, Barbados.

The Funds have no employees. Management services are provided by a related company as disclosed in Note 4 to the financial statements.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied across the Funds.

a) Basis of preparation

The financial statements of the Republic Income Fund, Republic Capital Growth Fund and the Republic Property Fund, are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and are stated in Barbados dollars, which is also the Republic Income Fund, Republic Capital Growth Fund and the Republic Property Fund's functional currency. These financial statements have been prepared on a historical cost basis, except for the measurement at fair value of financial assets classified as fair value through profit or loss.

b) Changes in accounting policies

i) New accounting policies / improvements adopted

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of Republic Income Fund, Republic Capital Growth Fund and the Republic Property Fund's annual financial statements for the year ended 30 September 2018 except for the adoption of new standards and interpretations below.

IFRS 15 Revenue from Contracts with Customers (effective January 1, 2018)

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of disposal of certain non-financial assets including property, equipment and intangible assets.

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

2. Significant accounting policies (continued)**b) Changes in accounting policies (continued)****i) New accounting policies / improvements adopted (continued)****IFRS 15 Revenue from Contracts with Customers (effective January 1, 2018) (continued)**

The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The standard will affect entities across all industries. Adoption will be a significant undertaking for most entities with potential changes to an entity's current accounting, systems and processes.

The adoption and amendment to this standard had no impact on the Funds.

IAS 40 Investment Property: Transfers of Investment Properties - Amendments to IAS 40 (effective January 1, 2018)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of the property does not provide evidence of a change in use. The adoption and amendment to this standard had no impact on the Funds.

The following Standards and Interpretations while in issue and effective were not applicable to the Funds:

IFRS 1 -First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters (effective January 1, 2018)

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2 (effective January 1, 2018)

IFRS 4 Insurance Contracts: Applying IFRS 9 with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (effective January 1, 2018)

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective January 1, 2018)

REPUBLIC FUNDS (BARBADOS) INC.

Notes to the Financial Statements

For the year ended 30 September 2019
(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

b) Changes in accounting policies (continued)

ii) Standards in issue not yet effective

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

IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, Changes in Accounting Estimates (effective January 1, 2020)

The new definition states that, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify that materiality will depend on the nature and magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Although the amendments to the definition of material is not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.

The following Standards and Interpretations are not expected to be relevant to the Funds:

IFRS 16 Leases (effective January 1, 2019)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (effective January 1, 2019)

IAS 19 Employee Benefits - Amendments to IAS 19 (effective January 1, 2019)

IFRS 3 Business combinations - Amendments to IFRS 3 (effective January 1, 2020)

IFRS 17 Insurance Contracts (effective January 1, 2021)

c) Summary of significant accounting policies

Financial instruments

The Funds' financial assets and financial liabilities are recognised in the statement of financial position when they become party to the contractual obligation of the instrument. A financial asset is de-recognised when the rights to receive the cash flow from the asset has expired or where the Fund has transferred all the risks and rewards of ownership of the asset or control of the asset. A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. All 'regular way' purchases and sales are recognised at settlement date.

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

2. Significant accounting policies (continued)**c) Summary of significant accounting policies (continued)****Financial assets at fair value through profit or loss**

The Fund's financial assets are designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument at fair value through profit or loss upon initial recognition when the following criteria is met. Such designation is determined on an instrument-by-instrument basis;

- The designation eliminates or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis,

or

- Fixed Income securities are classified as held for trading by the Directors and are acquired principally for the purpose of selling for short term gains. Financial assets designated at fair value through profit or loss at inception are those that their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

Equity securities are measured at fair value through profit or loss. The fair value of financial assets traded in active markets (e.g. international securities exchange) is based on quoted prices as of the last business day of the financial reporting period. The fair value of restricted and other securities that are not traded in active markets is determined using valuation techniques, including comparable recent arm's length transactions, discounted cash flow analyses and other techniques commonly used by market participants.

Gains and losses arising from sales and changes in the fair value of financial assets at fair value through profit or loss are included in the statement of comprehensive income in the financial period in which they arise.

d) Investment properties

Investment properties, principally comprising land, and condominiums, are held for resale and are not occupied by the Fund. Investment properties are carried at fair value, representing open market value determined annually.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in income.

Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

REPUBLIC FUNDS (BARBADOS) INC.

Notes to the Financial Statements

For the year ended 30 September 2019
(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

e) Distribution to shareholders

Distributions are paid up to twice annually to holders of redeemable Republic Income Fund shares. These dividends are paid out of the Net Income of the Republic Income Fund on the recommendation of the Investment Manager and the approval of the Board of Directors. Since redeemable fund shares are regarded as a liability [Note 2(g)], distributions are treated as an expense in the determination of net income for the year.

f) Net asset value per redeemable fund share

The net asset value per redeemable fund share is calculated by dividing the net assets attributed to redeemable fund shareholders of the respective Fund by the total number of outstanding shares at year end.

g) Redeemable fund shares

Redeemable fund shares are redeemable at the shareholders' option and are classified as financial liabilities. The liabilities arising from the redeemable fund shares are carried at the redemption amount being the net asset value calculated in accordance with IFRS. The Funds issue shares at the net asset value of the existing shares. The holder of the redeemable fund shares can redeem them for cash equal to a proportionate share of the Fund's net asset value (calculated in accordance with redemption requirements).

h) Functional and presentation currency

The Funds' functional currency is Barbados dollars, which is the currency of the primary economic environment in which the Funds operate. The Funds' performance is evaluated and its liquidity is managed in Barbados dollars. Therefore, Barbados dollars are considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Funds' presentation currency is also Barbados dollars.

i) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Barbados dollars at rates of exchange prevailing at the date of the financial statements and non-monetary assets and liabilities are translated at historical rates. Revenue and expenses denominated in foreign currencies are translated into Barbados dollars using prevailing monthly exchange rates. Realised gains and losses on foreign currency positions are reported in other income.

j) Interest income

Interest income is recognised in the statement of comprehensive income for all interest-bearing instruments on an accrual basis using the effective interest yield method. Interest income includes coupons earned on fixed income investments and trading securities and accrued discounts and premiums on treasury bills and other discounted instruments.

REPUBLIC FUNDS (BARBADOS) INC.

Notes to the Financial Statements

For the year ended 30 September 2019
(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

k) Dividend revenue

Dividend revenue is recognised in the statement of comprehensive income when the Funds' right to receive the payment is established.

l) Taxation

In accordance with Section 37 F of the Income Tax (Amendment) (No. 3) Act 1998-42, all of the assessable income for the 2019 and previous income years have been designated by the Directors for distribution to the shareholders. As a result, no taxation liability has arisen as at the 2019 year end.

3. Significant accounting judgements and estimates in applying the Funds' accounting policies

The preparation of the Funds' financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

i) *Valuation of investment securities*

The Funds have applied IFRS 9 in its classification of financial assets which requires measurement of securities at fair value through profit and loss. For unquoted equity instruments and unlisted securities, fair values are estimated using price/earnings or price/cash flow ratios which have been refined to accommodate the specific circumstances of the issuer.

ii) *Valuation of investment properties*

The Funds utilise an independent valuer but the nature of the valuation process is such that it is subject to significant judgement.

iii) *Going concern*

The Funds' management has made an assessment of the Funds' ability to continue as a going concern and is satisfied that the Funds have the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Funds' ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

4. Management fees and other expenses

Republic Finance & Trust (Barbados) Corporation, a related company, serves as investment manager of the Funds. For providing investment advisory and management services, Republic Finance & Trust (Barbados) Corporation is paid an annual management fee as follows:

REPUBLIC FUNDS (BARBADOS) INC.

Notes to the Financial Statements

For the year ended 30 September 2019
(Expressed in Barbados dollars)

4. Management fees and other expenses (continued)

Fund	Fee Rate	2019 \$	2018 \$
Republic Income Fund	1.00%	129,311	175,953
Republic Capital Growth Fund	1.75%	128,118	162,075
Republic Property Fund	1.75%	31,905	45,341
Total		289,334	383,369

FirstCaribbean International Bank Trust & Merchant Bank (Barbados) Limited serve as registrar, transfer agent and custodian of the Funds. As a result of providing custodian services, they receive a Custodian Trustee Fee in respect of each class of the Fund, calculated on the same basis as the management fees paid to the investment manager. Custody Fees were as follows:

Fund	Fee Rate	2019 \$	2018 \$
Republic Income Fund	0.20%	25,862	35,191
Republic Capital Growth Fund	0.20%	14,642	18,523
Republic Property Fund	0.20%	3,646	5,182
Total		44,150	58,896

In addition to the management fee and custody fee, the Funds are responsible for the payment of all direct expenses relating to their operations such as audit, legal and professional fees.

5. Cash

The cash balances held with Republic Bank (Barbados) Limited, a related company, bear interest at the rate of 0.01% (2018 - 0.01%) per annum.

Fund	2019 Cash	2018 Cash/ (Overdraft)
Republic Income Fund	1,777,266	2,113,339
Republic Capital Growth Fund	293,428	167,496
Republic Property Fund	611,981	(5,715)

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

6. Financial assets

	2019		
	No. of shares	Cost	Market
	\$	\$	Value
			\$
Republic Income Fund			
Local investments			
Equity securities			
 Conglomerate			
Goddard Enterprises Ltd.	173,954	401,398	568,830
Fixed income securities			
Government of Barbados Series D		11,125,559	7,210,475
Apes Hill Development SRL Bond		274,486	-
University of the West Indies – Clarendon Bond		972,710	1,013,856
Barbados Port Inc. Bond		1,224,881	1,285,636
NSR Bond		2,000,000	1,781,000
Total fixed income securities		15,597,636	11,290,967
Total local investments		15,999,034	11,859,797
Total Republic Income Fund Investments		15,999,034	11,859,797

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

6. Financial assets (continued)

	2018		
	No. of shares	Cost \$	Market Value \$
Republic Income Fund (continued)			
Local investments			
Equity securities			
Conglomerate			
Goddard Enterprises Ltd.	173,954	401,398	716,690
Fixed income securities			
Government of Barbados Debentures		6,042,753	4,229,927
Apes Hill Development SRL Bond		353,274	353,274
University of the West Indies Bond		2,709,208	1,896,446
University of the West Indies – Clarendon Bond		1,009,503	706,652
Barbados Agricultural & Management Co. Ltd. Bond		2,010,833	1,407,584
Transport Board		397,775	278,443
Barbados Port Inc. Bond		1,457,113	1,019,979
NSR Bond		2,000,000	1,700,000
Total fixed income securities		15,980,459	11,592,305
Total local investments		16,381,857	12,308,995
Total Republic Income Fund Investments		16,381,857	12,308,995

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

6. Financial assets (continued)

	2019		
	No. of shares	Cost \$	Market Value \$
Republic Capital Growth Fund			
Local investments			
Equity securities			
Conglomerate			
Goddard Enterprises Ltd.	479,792	225,529	1,568,920
Banking			
FirstCaribbean International Bank Ltd.	95,230	363,518	261,330
Non-Bank Finance			
Insurance Corporation of Barbados Ltd.	211,117	691,757	707,242
Sagicor Financial Corporation	137,922	608,477	398,594
		1,300,234	1,105,836
Media			
One Caribbean Media Ltd.	112,128	565,078	302,746
Total local equity securities		2,454,359	3,238,832
Fixed income securities			
Government of Barbados Series D		949,043	615,075
Apes Hill Development SRL Bond		608,943	-
Total fixed income securities		1,557,986	615,075
Total local investments		4,012,345	3,853,907

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

6. Financial assets (continued)

	2019		
	No. of shares	Cost \$	Market Value \$
Republic Capital Growth Fund (continued)			
Foreign investments			
Equity securities			
Conglomerate			
Massy Holdings Ltd.	44,468	602,676	718,321
Banking			
Royal Bank of Canada	9,111	799,930	1,485,434
Non-Bank Finance			
Guardian Holdings Limited	18,538	55,177	99,874
National Enterprises Ltd.	41,665	193,407	71,198
Clico Investment Fund	40,000	264,435	285,990
		513,019	457,062
Manufacturing			
West Indian Tobacco Ltd.	746	6,914	23,088
Ansa McAL Ltd.	24,093	413,674	393,122
Grace Kennedy Ltd.	9,000	3,488	8,811
		424,076	425,021
Total foreign equity securities		2,339,701	3,085,838
Total Republic Capital Growth Fund Investments		6,352,045	6,939,745

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

6. Financial assets (continued)

		2018	
	No. of shares	Cost \$	Market Value \$
Republic Capital Growth Fund (continued)			
Local investments			
Equity securities			
Conglomerate			
Goddard Enterprises Ltd.	479,792	225,529	1,976,743
Banking			
FirstCaribbean International Bank	95,230	363,518	240,020
Non-Bank Finance			
Insurance Corporation of Barbados Ltd.	211,117	691,757	675,574
Sagicor Financial Corporation	137,922	608,477	304,808
		1,300,234	980,382
Media			
One Caribbean Media	112,128	565,078	671,647
Total local equity securities		2,454,359	3,868,792
Fixed income securities			
Apes Hill Development SRL Bond		783,732	783,732
University of the West Indies Bond		722,456	505,719
Transport Board Bond		226,688	158,683
Total fixed income securities		1,732,876	1,448,134
Total local investments		4,187,235	5,316,926

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

6. Financial assets (continued)

		2018	
	No. of shares	Cost \$	Market Value \$
Republic Capital Growth Fund (continued)			
Foreign investments			
Equity securities			
Conglomerate			
Massy Holdings Ltd.	44,468	602,676	620,385
Banking			
Royal Bank of Canada	10,611	1,039,454	1,694,393
Non-Bank Finance			
Guardian Holdings Limited	50,000	223,364	250,559
National Enterprises Ltd.	41,665	193,407	110,696
Clico Investment Fund	40,000	264,435	235,318
		<hr/>	
		681,206	596,573
Manufacturing			
West Indian Tobacco Ltd.	746	6,914	19,563
Ansa McAL Ltd.	24,093	413,674	400,067
Grace Kennedy Ltd.	9,000	3,488	7,205
		<hr/>	
		424,076	426,835
		<hr/>	
Total foreign equity securities		2,747,412	3,338,186
		<hr/>	
Total Republic Capital Growth Fund Investments		6,934,647	8,655,112
		<hr/>	

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

6. Financial assets (continued)

		2019	
	No. of shares	Cost \$	Market Value \$
Republic Property Fund			
Equity securities			
Unlisted			
Southern Golf & Country Club Ltd.	50,000	50,000	44,754
Media			
One Caribbean Media Ltd.	28,643	173,440	77,336
Total local equity securities		223,440	122,090
Fixed income securities			
Government of Barbados Series D		369,850	239,700
Barbados Port Inc.		191,926	201,446
Total fixed income securities		561,776	441,146
Investment properties			
Apes Hill Development		1,291,149	468,686
Total investment properties		1,291,149	468,686
Total local investments		2,076,365	1,031,922
Total Republic Property Fund Investments		2,076,365	1,031,922

REPUBLIC FUNDS (BARBADOS) INC.
Notes to the Financial Statements

For the year ended 30 September 2019
(Expressed in Barbados dollars)

6. Financial assets (continued)

		2018	
	No. of shares	Cost \$	Market Value \$
Republic Property Fund (continued)			
Equity securities			
Unlisted			
Southern Golf & Country Club Ltd.	50,000	50,000	50,000
Media			
One Caribbean Media Ltd.	28,643	173,440	171,572
Total local equity securities		<u>223,440</u>	<u>221,572</u>
Fixed income securities			
Government of Barbados Debentures		166,704	116,693
Government of Barbados Treasury Notes		102,604	71,823
Barbados Agricultural & Management Co. Ltd. Bond		100,542	70,379
Barbados Port Inc.		226,540	158,578
Total fixed income securities		<u>596,390</u>	<u>417,473</u>
Investment properties			
Heron Courts Lots		1,100,000	925,000
Apes Hill Development		1,291,149	500,000
Total investment properties		<u>2,391,149</u>	<u>1,425,000</u>
Total local investments		<u>3,210,979</u>	<u>2,064,045</u>
Total Republic Property Fund Investments		<u>3,210,979</u>	<u>2,064,045</u>

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

7. Due to related company

Balances due to related company are interest free, unsecured and have no stated terms of repayment.

	2019	2018
	\$	\$
Republic Income Fund	31,718	33,140
Republic Capital Growth Fund	30,019	39,532
Republic Property Fund	7,355	23,390
	<hr/>	<hr/>
Total	69,092	96,062
	<hr/>	<hr/>

8. Share capital

	No. of Shares	2019 \$	No. of Shares	2018 \$
Authorized Common shares				
950 common shares of no par value				
Issued Common Shares				
Republic Income Fund	400	400	400	400
Republic Capital Growth Fund	400	400	400	400
Republic Property Fund	150	150	150	150

Redeemable fund shares

An unlimited number of redeemable mutual fund shares of no par value were designated as: Class A - Republic Income Fund, Class B – Republic Capital Growth Fund, Class D – Republic Property Fund, Class F, Class G & Class H Shares. Class F, Class G & Class H Shares are no longer in issue.

The common shareholders have broad voting rights in relation to the appointment and removal of the Directors, and control and management of the Funds. The common shareholders of the Funds shall not be entitled to participate or share in the distribution of any property belonging to any of the Funds maintained by the investment managers. Upon liquidation or winding up of the Funds, the Articles of Incorporation provide that common shareholders have the right to receive the remaining property of the Funds on dissolution.

REPUBLIC FUNDS (BARBADOS) INC.
Notes to the Financial Statements

For the year ended 30 September 2019
(Expressed in Barbados dollars)

8. Share capital (continued)

	No. of shares	2019 \$	No. of shares	2018 \$
Redeemable fund shares				
Republic Income Fund				
Balance - beginning of the year	12,058,617	14,300,725	13,759,108	21,852,616
Issued during the year	-	-	533,099	848,443
Redeemed during the year	(738,245)	(885,772)	(2,233,590)	(3,462,775)
Total comprehensive income/(loss) for the year and net increase/(decrease) in net assets attributable to redeemable fund shareholders	-	83,645	-	(4,937,559)
Balance - end of year	11,320,372	13,498,598	12,058,617	14,300,725
Republic Capital Growth Fund				
Balance - beginning of the year	6,050,479	8,778,805	6,584,928	10,522,131
Issued during the year	71,197	96,080	100,720	162,710
Redeemed during the year	(244,955)	(355,692)	(635,169)	(1,025,277)
Total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders	-	(1,137,819)	-	(880,759)
Balance - end of year	5,876,721	7,381,374	6,050,479	8,778,805
Republic Property Fund				
Balance - beginning of the year	2,462,580	2,005,610	2,556,328	2,957,431
Redeemed during the year	(124,874)	(102,696)	(93,748)	(108,870)
Total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders	-	(264,914)	-	(842,951)
Balance - end of year	2,337,706	1,638,000	2,462,580	2,005,610

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

8. Share capital (continued)

The holders of redeemable mutual fund shares have an interest in the undivided portion of the assets of the respective Fund. These shares secure an equal share in the distribution of the net income and net capital gains and participate equally in all other respects.

The holders of redeemable mutual fund shares are entitled to vote only in respect of:

- an increase, if any in the fees and charges to the Fund
- modification of the investment objectives
- a change of the appointed Auditors of the Fund
- a change of the appointed Trustee of the Fund
- the liquidation of any such Funds
- the winding up of the company, Republic Funds (Barbados) Inc.
- the reconstruction of the company and/or the amalgamation of the company and/or any such Fund with any other company or Fund

Further, the redeemable fund shareholders have no right to receive any property or any dividend of the Funds other than the returns on the investments which constitute the assets of the respective Funds which are distributable rateably among the shareholders of the respective Funds.

In accordance with the provisions of the Mutual Fund's Prospectus for "Suspension of Redemption", given the exceptional circumstances in the Barbados economy, the Directors exercised their rights to limit redemptions to 20% of the shares held by each shareholder of the Income Fund from June 10, 2018.

9. Related party transactions

In addition to the transactions disclosed in Notes 4, 7 and 8, the following related parties hold redeemable fund shares in the classes of the Fund as disclosed below:

	No. of Shares 2019	No. of Shares 2018
Republic Finance & Trust (Barbados) Corporation		
Republic Property Fund	1,486,607	1,486,607
Directors		
Republic Income Fund	-	14,113
Republic Capital Growth Fund	-	15,306

REPUBLIC FUNDS (BARBADOS) INC.

Notes to the Financial Statements

For the year ended 30 September 2019
(Expressed in Barbados dollars)

10. Risk Management

Financial assets of the Funds include cash, investments, interest receivable and other receivables. Financial liabilities of the Funds include bank overdraft, amounts due to related company, accounts payable and net assets attributable to redeemable fund shareholders.

The Funds are exposed to a variety of financial risks: market risk (which include interest rate risk, currency risk and price risk), credit risk and liquidity risk. Each Fund has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy. The effects of these risks are disclosed in the sections below:

10.1 Interest rate risk

The Funds are exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows. The Funds' management and an investment committee continually review and manage these risks. The committee employs a number of tools including gap analysis and interest rate sensitivity analysis to monitor these risks and establish appropriate strategies to limit exposure.

The effective interest rates and periods to maturity of the Funds' assets are summarised in the following table:

	2019		2018	
	Interest Rates	Years to maturity	Interest Rates	Years to maturity
Republic Income Fund				
Government Series D Bond	1.50%	0 - 34	-	-
Bonds	5.00% - 7.50%	5 - 16	5.00% - 9.03%	6 - 17
Republic Capital Growth Fund				
Government Series D Bond	1.50%	0 - 34	-	-
Bonds	-	-	6.88% - 9.03%	2 - 9
Republic Property Fund				
Government Series D Bond	1.50%	0 - 34	-	-
Bonds	7.50%	0 - 5	6.13% - 7.50%	0 - 6

10.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. Some of the Funds' transactions are in United States and Trinidad & Tobago dollars. The Barbados dollar is fixed to the US dollar, and there are no significant currency risk exposures. Management monitors the Funds exposure to foreign currency fluctuation and employs appropriate strategies to mitigate any potential losses.

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

10. Risk Management (continued)**10.3 Price risk**

The Funds are exposed to price risk arising from changes in equity prices. Equity price risk is the risk of unfavourable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Funds' investments in equity securities. The Funds manage this risk by holding a diversified portfolio.

The Funds overall market positions are monitored on a daily basis by the Fund Manager and are reviewed on a quarterly basis by the Board of Directors.

The effects of an across the board 5% decline in equity prices of the Funds' fair value equity securities, at the statement of financial position date are set out below.

10.3.1 Price risk

	2019		2018	
	Effect of a 5%		Effect of a 5%	
	Fair value	Decline	Fair value	Decline
	\$	\$	\$	\$
Republic Income Fund				
Equity securities:				
Listed on Caribbean stock exchanges and markets	568,830	(28,441)	716,690	(35,835)
	<u>568,830</u>	<u>(28,441)</u>	<u>716,690</u>	<u>(35,835)</u>
Republic Capital Growth Fund				
Equity securities:				
Listed on Caribbean stock exchanges and markets	4,839,236	(241,962)	5,512,585	(275,629)
Listed on US stock exchanges and markets	1,485,434	(74,272)	1,694,393	(84,720)
	<u>6,324,670</u>	<u>(316,234)</u>	<u>7,206,978</u>	<u>(360,349)</u>
Republic Property Fund				
Equity securities:				
Listed on Caribbean stock exchanges and markets	77,336	(3,867)	171,572	(8,579)
Unlisted securities	44,754	(2,238)	50,000	(2,500)
	<u>122,090</u>	<u>(6,105)</u>	<u>221,572</u>	<u>(11,079)</u>

REPUBLIC FUNDS (BARBADOS) INC.

Notes to the Financial Statements

For the year ended 30 September 2019
(Expressed in Barbados dollars)

10. Risk management (continued)

10.4 Credit risk

Credit risk is the potential that a borrower or counterparty will fail to meet its stated obligations in accordance with the agreed terms. The Funds exposure to credit risk is indicated by the carrying amounts of their assets. Credit risk is minimized through the following:

- a) Holding a diversified portfolio of securities denominated in United States dollars and Barbados dollars.
- b) Not more than 10% of the assets of any one Fund may be invested in securities issued by any one company. There is no limitation however in investments in the securities of sovereign states.
- c) Up to 10% of a Fund's assets may be invested in securities that are not quoted and not regularly traded.
- d) Under the provisions of By-Law 2 of the Company, the Funds' Investment Manager may not enter into any derivative transaction and/or foreign currency transact for speculative purposes.

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

10. Risk management (continued)**10.4.1 Credit risk (continued)**

The table below shows the Funds' maximum exposure to credit risk:

	2019		2018	
	Gross maximum exposure	%	Gross maximum exposure	%
Republic Income Fund				
Cash at bank	1,777,266	14%	2,113,339	15%
Interest receivable	13,907	0%	18,928	0%
Withholding tax receivables	45,594	0%	59,586	1%
Fixed income securities	11,290,967	86%	11,592,305	84%
Total	13,127,734	100%	13,784,158	100%
Republic Capital Growth Fund				
Cash at bank	293,428	26%	167,496	10%
Interest receivable	1,186	0%	-	0%
Other receivables	189,767	18%	7,062	0%
Withholding tax receivables	13,863	1%	23,090	2%
Fixed income securities	615,075	55%	1,448,134	88%
Total	1,113,319	100%	1,645,782	100%
Republic Property Fund				
Cash at bank	611,981	58%	-	0%
Interest receivable	462	0%	-	0%
Other receivables	1,628	0%	-	0%
Withholding tax receivables	9,344	1%	9,343	2%
Fixed income securities	441,146	41%	417,473	98%
Total	1,064,561	100%	426,816	100%

REPUBLIC FUNDS (BARBADOS) INC.

Notes to the Financial Statements

For the year ended 30 September 2019
(Expressed in Barbados dollars)

10. Risk management (continued)

10.4.2 Credit risk (continued)

(a) Geographical sectors

The Funds' maximum credit exposure, can be analysed by the following geographical regions based on the country of domicile of counterparties:

	2019 \$	2018 \$
Republic Income Fund		
Barbados	13,127,734	13,784,158
Total	13,127,734	13,784,158
	2019 \$	2018 \$
Republic Capital Growth Fund		
Barbados	1,113,319	1,645,782
Total	1,113,319	1,645,782
	2019 \$	2018 \$
Republic Property Fund		
Barbados	1,064,561	426,816
Total	1,064,561	426,816

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

10. Risk Management (continued)**10.4.3 Credit risk (continued)****(b) Industry sectors**

The following table breaks down the Funds' maximum credit exposure as categorised by the industry sectors:

	2019 \$	2018 \$
Republic Income Fund		
Government & Government Bodies	7,269,976	4,289,514
Financial Sector	1,777,266	2,113,339
Education	1,013,856	2,622,026
Tourism	-	353,274
Transportation	1,285,636	1,298,421
Other service	1,781,000	3,107,584
Total	13,127,734	13,784,158
Republic Capital Growth Fund		
	2019 \$	2018 \$
Government & Government Bodies	630,124	30,151
Financial sector	293,428	167,496
Education	-	505,719
Tourism	-	783,732
Transportation	-	158,684
Other service	189,767	-
Total	1,113,319	1,645,782
Republic Property Fund		
	2019 \$	2018 \$
Government & Government Bodies	249,506	197,859
Financial sector	611,981	-
Transportation	201,446	158,578
Other service	1,628	70,379
Total	1,064,561	426,816

REPUBLIC FUNDS (BARBADOS) INC.

Notes to the Financial Statements

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10. Risk management (continued)

10.5 Liquidity risk

Liquidity risk is defined as the risk that the Funds do not have sufficient financial resources available to meet all their obligations and commitments as they fall due.

Liquidity management is therefore primarily designed to ensure that funding requirements can be met, including the replacement of existing funds as they mature or are withdrawn, or to satisfy the demands of shareholders for weekly redemptions. Liquidity management focuses on ensuring that the Funds have sufficient funds to meet all of their obligations.

The primary sources of funds that are used to provide liquidity are shareholders contributions, interest and dividends from investments, loans from related party and securities that are sold in response to the demand for liquidity.

For the year ended 30 September 2019 and 2018, all financial liabilities are payable within one year or on demand.

11. Fair value

The Funds calculate the estimated fair value of all financial instruments at the statement of financial position date and separately discloses this information where these fair values are different from net book values.

Where fixed income securities are not actively traded in organised financial markets, fair value is determined using discounted cash flow analysis, which requires considerable judgment in interpreting market data and developing estimates. Accordingly estimates contained herein are not necessarily indicative of the amounts that the Funds could realise in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values. The fair value information for investments is based on information available to management as of the dates presented. Management is not aware of any factors that would significantly affect the estimated fair value amounts.

Financial instruments where carrying value is equal to fair value: Due to their short-term maturity, the carrying value of certain financial instruments is assumed to approximate their fair values. These include cash, interest receivable, other receivables, due to related company, accounts payable and net assets attributable to redeemable fund shareholders.

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

12. Determination of fair value and fair value hierarchies

The Funds use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1

Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Funds' own models whereby the majority of assumptions are market observable.

Level 3

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Funds determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

REPUBLIC FUNDS (BARBADOS) INC.
Notes to the Financial Statements

For the year ended 30 September 2019
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12. Determination of fair value and fair value hierarchies (continued)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Republic Income Fund				
For the year ended 30 September 2019				
Fixed income securities	-	4,080,492	7,210,475	11,290,967
Equity securities	568,830	-	-	568,830
	568,830	4,080,492	7,210,475	11,859,797
As at 30 September 2018				
Fixed income securities	-	1,700,000	9,892,305	11,592,305
Equity securities	716,690	-	-	716,690
	716,690	1,700,000	9,892,305	12,308,995
Republic Capital Growth Fund				
For the year ended 30 September 2019				
Fixed income securities	-	-	615,075	615,075
Equity securities	6,324,670	-	-	6,324,670
	6,324,670	-	615,075	6,939,745
As at 30 September 2018				
Fixed income securities	-	-	1,448,134	1,448,134
Equity securities	7,206,978	-	-	7,206,978
	7,206,978	-	1,448,134	8,655,112
Republic Property Fund				
For the year ended 30 September 2019				
Fixed income securities	-	201,446	239,700	441,146
Equity securities	77,336	-	44,754	122,090
Investment properties	-	-	468,686	468,686
	77,336	201,446	753,140	1,031,922
As at 30 September 2018				
Fixed income securities	-	-	417,473	417,473
Equity securities	171,572	-	50,000	221,572
Investment properties	-	925,000	500,000	1,425,000
	171,572	925,000	967,473	2,064,045

REPUBLIC FUNDS (BARBADOS) INC.**Notes to the Financial Statements**

For the year ended 30 September 2019
(Expressed in Barbados dollars)

12. Determination of fair value and fair value hierarchies (continued)**12.1 Transfers between Level 1 and 2**

For the year ended 30 September 2019, no assets were transferred between Level 1 and Level 2.

12.2 Transfers between Level 2 and 3

For the year ended 30 September 2019, assets were transferred between Level 2 and Level 3.

Reconciliation of movements in Level 3 financial instruments measured at fair value

	Balance at beginning of year \$	Net (Disposals) Additions \$	Balance at end of year \$
Republic Income Fund			
Financial assets measured at fair value			
Fixed income securities	9,892,305	(2,681,830)	7,210,475
Republic Capital Growth Fund			
Financial assets measured at fair value			
Fixed income securities	1,448,134	(833,059)	615,075
Republic Property Fund			
Financial assets measured at fair value			
Fixed income securities	417,473	23,673	441,146
Investment properties	500,000	(31,314)	468,686



Republic Funds (Barbados) Inc.