



Republic Funds (Barbados) Inc.
Annual Report **2021**



Republic Funds (Barbados) Inc.

Republic Funds (Barbados) Inc.

Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

Contents

	Page
Corporate Information	3
Independent Auditor's Report	4
Republic Income Fund	
Statement of Financial Position	6
Statement of Comprehensive (Loss)/Income	7
Statement of Changes in Net Assets Attributable to Redeemable Fund Shareholders	8
Statement of Cash Flows	9
Republic Capital Growth	
Statement of Financial Position	10
Statement of Comprehensive Income/(Loss)	11
Statement of Changes in Net Assets Attributable to Redeemable Fund Shareholders	12
Statement of Cash Flows	13
Republic Property Fund	
Statement of Financial Position	14
Statement of Comprehensive Loss	15
Statement of Changes in Net Assets Attributable to Redeemable Fund Shareholders	16
Statement of Cash Flows	17
Statement of Changes in Equity	18
Notes to the Financial Statements	19-49

Republic Funds (Barbados) Inc.

Corporate Information

Directors

Mr. Derwin Howell – Chairman
Mr. Anthony Clerk – Managing Director
Mr. Gerald King
Ms. Jacqueline Quamina
Mr. Andrew Hutchinson

Secretary

Ms. Sasha Shillingford

Independent Auditors

Ernst & Young Ltd.
One Welches, Welches, St. Thomas
Barbados

Banker

Republic Bank (Barbados) Limited
Broad Street, Bridgetown, Barbados

Consulting Counsel

Clarke Gittens & Farmer
Attorneys At Law



Ernst & Young
P.O. Box 261
Bridgetown, BB11000
Barbados, W.I.

Tel: 246 430 3900
Fax: 246 426 9551
246 430 3879
246 430 1352
www.ey.com

Street Address
One Welches
Welches
St. Thomas, BB22025
Barbados, W.I.

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 2021 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 2021, 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 Funds in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) ("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 32 of the Mutual Funds Act of Barbados, 2002 and 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
15 December 2021

Republic Funds (Barbados) Inc.

Republic Income Fund

Statement of Financial Position

As at 30 September 2021
(Expressed in Barbados dollars)

	Notes	Republic Income Fund 30-Sep 2021 \$	Republic Income Fund 30-Sep 2020 \$
Assets			
Cash at bank	5	1,595,324	1,924,180
Interest receivable		26,611	13,907
Withholding tax receivable		-	12,078
Financial assets	6	<u>11,674,757</u>	<u>12,085,162</u>
Total assets		<u>13,296,692</u>	<u>14,035,327</u>
Liabilities and equity			
Liabilities			
Accounts payable and accrued expenses		169,155	174,725
Due to related company	7	<u>34,061</u>	<u>34,441</u>
		<u>203,216</u>	<u>209,166</u>
Net assets attributable to redeemable fund shareholders	8	<u>13,093,076</u>	<u>13,825,761</u>
Total liabilities		<u>13,296,292</u>	<u>14,034,927</u>
Represented by:			
Shareholder's equity	8	<u>400</u>	<u>400</u>
Total liabilities and equity		<u>13,296,692</u>	<u>14,035,327</u>
Net asset value per redeemable fund share		<u>1.2185</u>	<u>1.2497</u>

.....
Director

.....
Director

Republic Funds (Barbados) Inc.

Republic Income Fund

Statement of Comprehensive (Loss)/Income

For the year ended 30 September 2021
(Expressed in Barbados dollars)

	Notes	Republic Income Fund 30-Sep 2021 \$	Republic Income Fund 30-Sep 2020 \$
Income			
Interest on bank balances		118	5
Interest on financial assets		390,368	409,068
Realised gain on financial assets		-	216,657
Unrealised (loss)/gain on financial assets		(377,010)	342,998
Dividends		1,740	6,088
		<u>15,216</u>	<u>974,816</u>
Expenses			
Management fees	4	137,918	128,222
Custody fees	4	27,584	25,644
Other charges		31,383	2,429
Audit fees		39,076	67,660
		<u>235,961</u>	<u>223,955</u>
Operating (loss)/income for the year		(220,745)	750,861
Finance costs			
Distributions to redeemable fund shareholders		(110,160)	(112,318)
Net and total comprehensive (loss)/ income for the year and net (decrease)/ increase in net assets attributable to redeemable fund shareholders		(330,905)	638,543

Republic Funds (Barbados) Inc.

Republic Income Fund

Statement of Changes in Net Assets Attributable to Redeemable Fund Shareholders

For the year ended 30 September 2021
(Expressed in Barbados dollars)

	Notes	Republic Income Fund 30-Sep 2021 \$	Republic Income Fund 30-Sep 2020 \$
Opening balances		13,825,761	13,498,598
Net and total comprehensive (loss)/ income for the year and net (decrease)/ increase in net assets attributable to redeemable fund shareholders		(330,905)	638,543
Shares issued during the year	8	49,932	51,087
Shares redeemed during the year	8	(451,712)	(362,467)
Closing balances		13,093,076	13,825,761

Republic Funds (Barbados) Inc.

Republic Income Fund

Statement of Cash Flows

For the year ended 30 September 2021
(Expressed in Barbados dollars)

	Republic Income Fund 30-Sep 2021 \$	Republic Income Fund 30-Sep 2020 \$
Cash flows from operating activities		
Operating (loss)/income for the year	(220,745)	750,861
Unrealised loss/(gains) on financial assets	377,010	(342,998)
(Increase)/decrease in receivables	(626)	33,516
(Decrease)/increase in amounts due to related company	(380)	2,723
Decrease in financial assets	33,395	117,632
(Decrease)/increase in accounts payable and accrued expenses	(5,570)	8,878
	<hr/>	<hr/>
Net cash flows from operating activities	183,084	570,612
	<hr/>	<hr/>
Cash flows from financing activities		
Issuance of redeemable fund shares	49,932	51,087
Redemption of redeemable fund shares	(451,712)	(362,467)
Distributions paid	(110,160)	(112,318)
	<hr/>	<hr/>
Net cash flows used in financing activities	(511,940)	(423,698)
	<hr/>	<hr/>
Net (decrease)/increase in cash	(328,856)	146,914
	<hr/>	<hr/>
Cash - beginning of year	1,924,180	1,777,266
	<hr/>	<hr/>
Cash - end of year	1,595,324	1,924,180
	<hr/>	<hr/>

Republic Funds (Barbados) Inc.

Republic Capital Growth Fund

Statement of Financial Position

As at 30 September 2021
(Expressed in Barbados dollars)

	Notes	Republic Capital Growth Fund 30-Sep 2021 \$	Republic Capital Growth Fund 30-Sep 2020 \$
Assets			
Cash at bank	5	616,472	707,009
Interest receivable		1,186	1,186
Other receivables		183,395	183,395
Withholding tax receivable		-	13,850
Financial assets	6	6,511,668	6,188,155
Total assets		7,312,721	7,093,595
Liabilities and equity			
Liabilities			
Accounts payable and accrued expenses		26,708	17,905
Due to related company	7	32,714	31,398
		59,422	49,303
Net assets attributable to redeemable fund shareholders	8	7,252,899	7,043,892
Total liabilities		7,312,321	7,093,195
Represented by:			
Shareholder's equity	8	400	400
Total liabilities and equity		7,312,721	7,093,595
Net asset value per redeemable fund share		1.2824	1.2299

.....
Director

.....
Director

Republic Funds (Barbados) Inc.

Republic Capital Growth Fund

Statement of Comprehensive Income/(Loss)

For the year ended 30 September 2021
(Expressed in Barbados dollars)

	Notes	Republic Capital Growth Fund 30-Sep 2021 \$	Republic Capital Growth Fund 30-Sep 2020 \$
Income			
Interest on financial assets		14,236	14,236
Dividends		143,202	145,159
Realised gain on sale of financial assets		-	649,267
Unrealised gain/(loss) on financial assets		323,513	(785,403)
		<u>480,951</u>	<u>23,259</u>
Expenses			
Management fees	4	124,810	120,784
Custody fees	4	14,264	13,804
Other charges		18,638	773
Audit fees		19,721	33,796
		<u>177,433</u>	<u>169,157</u>
Net and total comprehensive income/(loss) for the year and net increase/(decrease) in net assets attributable to redeemable fund shareholders		<u>303,518</u>	<u>(145,898)</u>

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 2021
(Expressed in Barbados dollars)

	Notes	Republic Capital Growth Fund 30-Sep 2021 \$	Republic Capital Growth Fund 30-Sep 2020 \$
Opening balances		7,043,892	7,381,374
Net and total comprehensive income/(loss) for the year and net increase/(decrease) in net assets attributable to redeemable fund shareholders		303,518	(145,898)
Shares issued during the year	8	86,155	118,366
Shares redeemed during the year	8	(180,666)	(309,950)
Closing balances		7,252,899	7,043,892

Republic Funds (Barbados) Inc.

Republic Capital Growth Fund

Statement of Cash Flows

For the year ended 30 September 2021
(Expressed in Barbados dollars)

Notes	Republic Capital Growth Fund 30-Sep 2021 \$	Republic Capital Growth Fund 30-Sep 2020 \$
Cash flows from operating activities		
Net and total comprehensive income/(loss) for the year	303,518	(145,898)
Unrealised (gain)/loss on financial assets	(323,513)	785,403
Decrease in receivables	13,850	6,385
Increase in amounts due to related company	1,316	1,379
Increase in financial assets	-	(33,813)
Increase/(decrease) in accounts payable and accrued expenses	8,803	(8,291)
	<hr/> 3,974	<hr/> 605,165
Financing activities		
Issuance of redeemable fund shares	86,155	118,366
Redemption of redeemable fund shares	(180,666)	(309,950)
	<hr/> (94,511)	<hr/> (191,584)
Net cash flows used in financing activities	(94,511)	(191,584)
Net (decrease)/increase in cash	(90,537)	413,581
Cash - beginning of year	707,009	293,428
	<hr/> 616,472	<hr/> 707,009
Cash - end of year	616,472	707,009

Republic Funds (Barbados) Inc.

Republic Property Fund

Statement of Financial Position

As at 30 September 2021
(Expressed in Barbados dollars)

	Notes	Republic Property Fund 30-Sep 2021 \$	Republic Property Fund 30-Sep 2020 \$
Assets			
Cash at bank	5	581,516	611,222
Interest receivable		2,051	462
Withholding tax receivable		-	7,200
Financial assets	6	977,152	989,688
Total assets		1,560,719	1,608,572
Liabilities and equity			
Liabilities			
Accounts payable and accrued expenses		15,733	4,427
Due to related company	7	6,863	7,060
		22,596	11,487
Net assets attributable to redeemable fund shareholders	8	1,537,973	1,596,935
Total liabilities		1,560,569	1,608,422
Represented by:			
Shareholder's equity	8	150	150
Total liabilities and equity		1,560,719	1,608,572
Net asset value per redeemable fund share		0.6638	0.6876

.....
Director

.....
Director

Republic Funds (Barbados) Inc.

Republic Property Fund

Statement of Comprehensive Loss

For the year ended 30 September 2021
(Expressed in Barbados dollars)

	Notes	Republic Property Fund 30-Sep 2021 \$	Republic Property Fund 30-Sep 2020 \$
Income			
Interest on financial assets		11,848	15,734
Dividends		1,221	-
Realised losses on financial assets		-	(9,519)
Unrealised (loss)/gain on financial assets		(12,535)	9,211
Other Income		-	2,006
		<u>534</u>	<u>17,432</u>
Expenses			
Management fees	4	27,392	26,744
Custody fees	4	3,131	3,057
Other charges		21,095	13,807
Audit fees		4,271	4,171
		<u>55,889</u>	<u>47,779</u>
Net and total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders		<u>(55,355)</u>	<u>(30,347)</u>

Republic Funds (Barbados) Inc.

Republic Property Fund

Statement of Changes in Net Assets Attributable to Redeemable Fund Shareholders

For the year ended 30 September 2021
(Expressed in Barbados dollars)

	Notes	Republic Property Fund 30-Sep 2021 \$	Republic Property Fund 30-Sep 2020 \$
Opening balances		1,596,935	1,638,000
Net and total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders		(55,355)	(30,347)
Shares redeemed during the year	8	(3,607)	(10,718)
Closing balances		1,537,973	1,596,935

Republic Funds (Barbados) Inc.
Republic Property Fund
Statement of Cash Flows

For the year ended 30 September 2021
(Expressed in Barbados dollars)

Notes	Republic Property Fund 30-Sep 2021 \$	Republic Property Fund 30-Sep 2020 \$
Cash flows from operating activities		
Net and total comprehensive loss for the year	(55,355)	(30,347)
Unrealised losses (gains) on financial assets	12,535	(9,211)
Decrease in receivables	5,612	3,771
Decrease in amounts due to related company	(197)	(295)
Decrease in financial assets	-	51,446
Increase/(decrease) in accounts payable and accrued expenses	11,306	(5,405)
	<hr/>	<hr/>
Net cash flows (used in)/from operating activities	(26,099)	9,959
	<hr/>	<hr/>
Cash flows from financing activities		
Redemption of redeemable fund shares	(3,607)	(10,718)
	<hr/>	<hr/>
Net cash flows used in financing activities	(3,607)	(10,718)
	<hr/>	<hr/>
Net decrease in cash	(29,706)	(759)
	<hr/>	<hr/>
Cash - beginning of year	611,222	611,981
	<hr/>	<hr/>
Cash - end of year	581,516	611,222
	<hr/>	<hr/>

Republic Funds (Barbados) Inc.**Statement of Changes in Equity**

For the year ended 30 September 2021
(Expressed in Barbados dollars)

	Republic Income Fund \$	Republic Capital Growth Fund \$	Republic Property Fund \$
Common shares			
Balances as at 30 September 2021 and 2020	400	400	150

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

1. Incorporation and principal activity

Republic Funds (Barbados) Inc. ("the Funds"), 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 at 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

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 2021 except for the adoption of new standards and interpretations below.

Several amendments and interpretations apply for the first time in 2021, but do not have any impact on the financial statements of the Funds. These are also described in more detail below. The Funds have not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

i) New accounting policies / improvements adopted

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

The amendments provide a new definition of 'material' that states, "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 or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendments must be applied prospectively. Early adoption 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 adoption and amendment to this standard had no impact on the Funds.

Conceptual Framework for Financial Reporting (effective 1 January 2020)

The revised Conceptual Framework for Financial Reporting is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Funds.

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

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

IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments - Amendments: interest rate benchmark reform (effective 1 January 2020)

IFRS 16 Leases - Amendments to IFRS 16 - COVID-19 Related Rent Concessions (effective 1 June 2020)

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

2. Significant 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 16 Property, Plant and Equipment: proceeds before intended use - Amendments to IAS 16 (effective 1 January 2022)

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

IAS 1 Presentation of Financial Statements - Amendments to IAS 1 (effective 1 January 2023)

The IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

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

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 - Amendments to IAS 1 (effective 1 January 2023)

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

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

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

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

b) Changes in accounting policies (continued)

ii) Standards in issue not yet effective (continued)

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 - Amendments to IAS 1 (effective 1 January 2023) (continued)

In the absence of a definition of the term 'significant' in IFRS, the IASB decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the IASB. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates, Amendments to IAS 8 (effective 1 January 2023)

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

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the IASB.

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

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

Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective 1 January 2021)

IFRS 3 Business Combinations: reference to conceptual framework - Amendments to IFRS 3 (effective 1 January 2022)

IFRS 17 Insurance Contracts (effective 1 January 2023)

IAS 37 Provisions, Contingent Liabilities and Contingent Assets: onerous contracts - costs of fulfilling a contract - Amendments to IAS 37 (effective 1 January 2022)

IAS 12 Income Taxes - Amendments to IAS 12 (effective 1 January 2023)

Covid-19 Related Rent Concessions beyond 30 June 2021- Amendment to IFRS 16 (effective 1 April 2021)

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

b) Changes in accounting policies (continued)

The following Improvements to International Financial Reporting Standards are not expected to be relevant to the Funds:

The annual improvements process of the International Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRS. The following amendments are applicable to annual periods beginning on or after 1 January 2021:

IFRS Subject of Amendment

IFRS 1 - First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (effective 1 January 2022)

IFRS 9 - Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (effective 1 January 2022)

IAS 41 - Agriculture - Taxation in Fair value measurements (effective 1 January 2022)

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.

Financial assets at fair value through profit or loss

The Funds' 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.

Republic Funds (Barbados) Inc.**Notes to the Financial Statements**

For the year ended 30 September 2021
(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** (continued)

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 values 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.

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.

Republic Funds (Barbados) Inc.**Notes to the Financial Statements**

For the year ended 30 September 2021
(Expressed in Barbados dollars)

2. Significant accounting policies (continued)**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 Funds' 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 their 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.

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 2021 and previous income years has been designated by the Directors for distribution to the shareholders. As a result, no taxation liability has arisen as at the 2021 year end.

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

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. The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these financial statements. The estimation uncertainty is associated with:

- the extent and duration of disruption to business as a result of actions from consumers, businesses and the government to contain the spread of the virus;
- the extent and duration of the expected economic downturn in the economy. This includes forecasts for economic growth, unemployment, interest rates and inflation.

The Funds have formed estimates based on information that was available on 30 September 2021, which was deemed to be reasonable in forming these estimates. The actual economic conditions may be different from the estimates used and this may result in differences between the accounting estimates applied and the actual results of the Funds for future periods.

The preparation of the Funds' financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

i) Valuation of investment securities

The Funds have applied IFRS 9 in their 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 utilize 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.

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

4. Management fees and other expenses

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

Fund	Fee Rate	30-Sep 2021 \$	30-Sep 2020 \$
Republic Income Fund	1.00%	137,918	128,222
Republic Capital Growth Fund	1.75%	124,810	120,784
Republic Property Fund	1.75%	27,392	26,744
Total		290,120	275,750

FirstCaribbean International 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	30-Sep 2021 \$	30-Sep 2020 \$
Republic Income Fund	0.20%	27,584	25,644
Republic Capital Growth Fund	0.20%	14,264	13,804
Republic Property Fund	0.20%	3,131	3,057
Total		44,979	42,505

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% (2020 - 0.05-2.5%) per annum.

	30-Sep 2021	30-Sep 2020
Republic Income Fund	1,595,324	1,924,180
Republic Capital Growth Fund	616,472	707,009
Republic Property Fund	581,516	611,222

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

6. Financial assets

	30-Sep 2021	
	Cost	Market Value \$
No. of shares \$		
Republic Income Fund		
Local investments		
Equity securities		
Conglomerate		
Goddard Enterprises Ltd.	173,954	401,398
		360,085
Fixed income securities		
University of the West Indies - Clarendon Bond	907,318	898,155
Barbados Port Inc. Bond	1,200,000	1,174,680
NSR Bond	2,000,000	1,786,600
Total fixed income securities	4,107,318	3,859,435
Government of Barbados Debentures		
Government of Barbados - Series D	11,125,559	7,455,237
Total Government of Barbados Debentures	11,125,559	7,455,237
Total Republic Income Fund Investments	15,634,275	11,674,757

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

6. Financial assets (continued)

	No. of shares \$	30-Sep 2020 Cost	Market Value \$
Republic Income Fund (continued)			
Local investments			
Equity securities			
Conglomerate			
Goddard Enterprises Ltd.	173,954	401,398	417,490
Fixed income securities			
University of the West Indies - Clarendon Bond		940,714	990,572
Barbados Port Inc. Bond		1,200,000	1,136,400
NSR Bond		2,000,000	1,814,000
Total fixed income securities		<u>4,140,714</u>	<u>3,940,972</u>
Government of Barbados Debentures			
Government of Barbados - Series D		11,125,559	7,726,700
Total Government of Barbados Debentures		<u>11,125,559</u>	<u>7,726,700</u>
Total Republic Income Fund Investments		<u>15,667,671</u>	<u>12,085,162</u>

Republic Funds (Barbados) Inc.
Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

6. Financial assets (continued)

	No. of shares \$	30-Sep 2021 Cost	Market Value \$
Republic Capital Growth Fund			
Local investments			
Equity securities			
Conglomerate			
Goddard Enterprises Ltd.	479,792	225,529	993,169
Banking			
FirstCaribbean International Bank Ltd.	95,230	363,518	183,179
Non-Bank Finance			
Insurance Corporation of Barbados Ltd.	211,117	691,757	375,788
Total local equity securities		<u>1,280,804</u>	<u>1,552,137</u>
Government of Barbados Debentures			
Government of Barbados - Series D		949,043	635,954
Total Government of Barbados Debentures		<u>949,043</u>	<u>635,954</u>
Total local investments		<u>2,229,847</u>	<u>2,188,091</u>

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

6. Financial assets (continued)

		30-Sep 2021	
	No. of shares \$	Cost	Market Value \$
Republic Capital Growth Fund (continued)			
Foreign investments			
Equity securities			
Conglomerate			
Massy Holdings Ltd.	44,468	602,676	1,085,652
Banking			
Royal Bank of Canada	9,111	799,930	1,803,910
Non-Bank Finance			
Guardian Holdings Limited	18,538	55,177	180,213
National Enterprises Ltd.	41,665	193,407	40,072
Clico Investment Fund	40,000	264,435	307,767
Sagicor Financial Corporation	31,799	432,408	324,215
		<u>945,427</u>	<u>852,268</u>
Manufacturing			
West Indian Tobacco Ltd.	2,238	6,914	20,511
Ansa McAL Ltd.	24,093	413,674	407,328
Grace Kennedy Ltd.	9,000	3,488	11,890
		<u>424,076</u>	<u>439,729</u>
Media			
One Caribbean Media Ltd.	112,128	565,078	142,019
		<u>3,337,187</u>	<u>4,323,578</u>
Total foreign equity securities			
		<u>3,337,187</u>	<u>4,323,578</u>
Total Republic Capital Growth Fund Investments		<u>5,567,034</u>	<u>6,511,668</u>

Republic Funds (Barbados) Inc.
Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

6. Financial assets (continued)

		30-Sep 2020	
	No. of shares \$	Cost	Market Value \$
Republic Capital Growth Fund (continued)			
Local investments			
Equity securities			
Conglomerate			
Goddard Enterprises Ltd.	479,792	225,529	1,151,501
Banking			
FirstCaribbean International Bank Ltd.	95,230	363,518	200,313
Non-Bank Finance			
Insurance Corporation of Barbados Ltd.	211,117	691,757	633,351
		<u>1,280,804</u>	<u>1,985,165</u>
Government of Barbados Debentures			
Government of Barbados - Series D		949,043	659,110
Total Government of Barbados Debentures		<u>949,043</u>	<u>659,110</u>
Total local investments		<u>2,229,847</u>	<u>2,644,275</u>

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

6. Financial assets (continued)

		30-Sep 2020	
	No. of shares \$	Cost	Market Value \$
Republic Capital Growth Fund (continued)			
Foreign investments			
Equity securities			
Conglomerate			
Massy Holdings Ltd.	44,468	602,676	780,577
Banking			
Royal Bank of Canada	9,111	799,930	1,283,740
Non-Bank Finance			
Guardian Holdings Limited	18,538	55,177	104,903
National Enterprises Ltd.	41,665	193,407	49,585
Clico Investment Fund	40,000	264,435	299,305
Sagicor Financial Corporation	31,799	432,408	310,375
		<u>945,427</u>	<u>764,168</u>
Manufacturing			
West Indian Tobacco Ltd.	2,238	6,914	23,338
Ansa McAL Ltd.	24,093	413,674	379,912
Grace Kennedy Ltd.	9,000	3,488	9,399
		<u>424,076</u>	<u>412,649</u>
Media			
One Caribbean Media Ltd.	112,128	565,078	302,746
Total foreign equity securities		<u>3,337,187</u>	<u>3,543,880</u>
Total Republic Capital Growth Fund Investments		<u>5,567,034</u>	<u>6,188,155</u>

Republic Funds (Barbados) Inc.
Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

6. Financial assets (continued)

	No. of shares \$	30-Sep 2021 Cost	Market Value \$
Republic Property Fund			
Equity securities			
Unlisted			
Southern Golf & Country Club Ltd.	50,000	50,000	44,056
Total local equity securities		<u>50,000</u>	<u>44,056</u>
Fixed income securities			
Barbados Port Inc.		150,000	146,836
Total fixed income securities		<u>150,000</u>	<u>146,836</u>
Government of Barbados Debentures			
Government of Barbados - Series D		369,850	247,836
Total Government of Barbados Debentures		<u>369,850</u>	<u>247,836</u>
Investment properties			
Apes Hill Development		1,291,149	502,146
Total investment properties		<u>1,291,149</u>	<u>502,146</u>
Total local investments		<u>1,860,999</u>	<u>940,874</u>
Foreign Investments			
Equity Securities			
Media			
One Caribbean Media Ltd.	28,643	173,440	36,278
Total foreign equity securities		<u>173,440</u>	<u>36,278</u>
Total Republic Property Fund investments		<u>2,034,439</u>	<u>977,152</u>

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

6. Financial assets (continued)

		30-Sep 2020	
	No. of shares \$	Cost	Market Value \$
Republic Property Fund (continued)			
Equity securities			
Unlisted			
Southern Golf & Country Club Ltd.	50,000	50,000	44,754
Total local equity securities		<u>50,000</u>	<u>44,754</u>
Fixed income securities			
Barbados Port Inc.		150,000	142,050
Total fixed income securities		<u>150,000</u>	<u>142,050</u>
Total Government of Barbados Debentures			
Government of Barbados - Series D		369,850	256,862
Government of Barbados Debentures		<u>369,850</u>	<u>256,862</u>
Investment properties			
Apes Hill Development		1,291,149	468,686
Total investment properties		<u>1,291,149</u>	<u>468,686</u>
Total local investments		<u>1,860,999</u>	<u>912,352</u>
Foreign investments			
Equity securities			
Media			
One Caribbean Media Ltd.	28,643	173,440	77,336
Total foreign equity securities		<u>173,440</u>	<u>77,336</u>
Total Republic Property Fund investments		<u>2,034,439</u>	<u>989,688</u>

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

6. Financial assets (continued)

The Fund accepted the Government of Barbados Debt Exchange offer on 1 October 2018. The terms of the Exchange Instruments which included Treasury Bills, notes, debentures, loans and bonds issued or owned by certain state-owned enterprises, collectively the 'old' instruments were significantly different due to extended maturities and lower interest rates. Consequently, the 'old' instruments were derecognized at the carrying value and new financial instruments recognised in the Statement of Financial Position.

7. Due to related company

Balances due to related company are interest free, unsecured and are payable on demand.

	30-Sep 2021 \$	30-Sep 2020 \$
Republic Income Fund	34,061	34,441
Republic Capital Growth Fund	32,714	31,398
Republic Property Fund	6,863	7,060
Total	<u>73,638</u>	<u>72,899</u>

8. Share capital

	No. of Shares	30-Sep 2021 \$	No. of Shares	30-Sep 2020 \$
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 are no longer in issue

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

8. Share capital (continued)

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.

	No. of Shares	30-Sep 2021 \$	No. of Shares	30-Sep 2020 \$
Redeemable fund shares				
Republic Income Fund				
Balance - beginning of the year	11,062,400	13,825,761	11,320,372	13,498,598
Issued during the year	39,388	49,932	42,749	51,087
Redeemed during the year	(356,791)	(451,712)	(300,721)	(362,467)
Net and total comprehensive (loss)/ income for the year and net (decrease)/ increase in net assets attributable to redeemable fund shareholders	-	(330,905)	-	638,543
Balance - end of year	10,744,997	13,093,076	11,062,400	13,825,761
Republic Capital Growth Fund				
Balance - beginning of the year	5,727,844	7,043,892	5,876,721	7,381,374
Issued during the year	68,715	86,155	94,030	118,366
Redeemed during the year	(141,010)	(180,666)	(242,907)	(309,950)
Total comprehensive income/(loss) for the year and net increase/(decrease) in net assets attributable to redeemable fund shareholders	-	303,518	-	(145,898)
Balance - end of year	5,655,549	7,252,899	5,727,844	7,043,892
Republic Property Fund				
Balance - beginning of the year	2,322,315	1,596,935	2,337,706	1,638,000
Redeemed during the year	(5,345)	(3,607)	(15,391)	(10,718)
Total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders	-	(55,355)	-	(30,347)
Balance - end of year	2,316,970	1,537,973	2,322,315	1,596,935

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(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 Funds' 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 Barbadian 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 30-Sep 2021	No. of Shares 30-Sep 2020
Republic Bank (Barbados) Limited		
Class D - Republic Property Fund	1,486,607	1,486,607

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(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:

		30-Sep 2021		30-Sep 2020
	Interest Rates	Years to maturity	Interest Rates	Years to maturity
Republic Income Fund				
Government Series D Bond	1.50%	0 - 32	1.50%	0 - 33
Bonds	4.20% - 7.50%	4 - 14	4.20% - 7.50%	5 - 19
Republic Capital Growth Fund				
Government Series D Bond	1.50%	0 - 32	1.50%	0 - 33
Republic Property Fund				
Government Series D Bond	1.50%	0 - 32	1.50%	0 - 33
Bonds	4.20%	0 - 4	4.20%	0 - 5

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, Canadian 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 2021
(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 Investment Manager and are reviewed on a monthly 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.

	30-Sep 2021		30-Sep 2020	
	Fair value \$	Effect of a 5% Decline \$	Fair value	Effect of a 5% Decline \$
Republic Income Fund				
Equity securities:				
Listed on Caribbean stock exchanges and markets	<u>360,085</u>	<u>(18,004)</u>	<u>417,490</u>	<u>(20,875)</u>
	<u>360,085</u>	<u>(18,004)</u>	<u>417,490</u>	<u>(20,875)</u>
Republic Capital Growth Fund				
Equity securities:				
Listed on Caribbean stock exchanges and markets	<u>3,747,590</u>	<u>(187,379)</u>	<u>3,934,930</u>	<u>(196,747)</u>
Listed on International stock exchanges and markets	<u>2,128,125</u>	<u>(106,406)</u>	<u>1,594,115</u>	<u>(79,706)</u>
	<u>5,875,715</u>	<u>(293,785)</u>	<u>5,529,045</u>	<u>(276,453)</u>
Republic Property Fund				
Equity securities:				
Listed on Caribbean stock exchanges and markets	<u>36,278</u>	<u>(1,814)</u>	<u>77,336</u>	<u>(3,867)</u>
Unlisted securities	<u>44,056</u>	<u>(2,203)</u>	<u>44,754</u>	<u>(2,238)</u>
	<u>80,334</u>	<u>(4,017)</u>	<u>122,090</u>	<u>(6,105)</u>

Republic Funds (Barbados) Inc.**Notes to the Financial Statements**

For the year ended 30 September 2021
(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 2021
(Expressed in Barbados dollars)

10. Risk Management (continued)

10.4 Credit risk (continued)

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

	30-Sep 2021		30-Sep 2020	
	Gross maximum exposure \$	%	Gross maximum exposure \$	%
Republic Income Fund				
Cash at bank	1,595,324	12%	1,924,180	14%
Interest receivable	26,611	0%	13,907	0%
Withholding tax receivables	-	0%	12,078	0%
Fixed income securities	3,859,435	30%	3,940,972	29%
Government of Barbados Debentures	7,455,237	58%	7,726,700	57%
Total	12,936,607	100%	13,617,837	100%
Republic Capital Growth Fund				
Cash at bank	616,472	43%	707,009	45%
Interest receivable	1,186	0%	1,186	0%
Other receivables	183,395	13%	183,395	12%
Withholding tax receivables	-	0%	13,850	1%
Government of Barbados Debentures	635,954	44%	659,110	42%
Total	1,437,007	100%	1,564,550	100%
Republic Property Fund				
Cash at bank	581,516	60%	611,222	61%
Interest receivable	2,051	0%	462	0%
Withholding tax receivables	-	0%	7,200	1%
Fixed income securities	146,836	15%	142,050	14%
Government of Barbados Debentures	247,836	25%	256,862	24%
Total	978,239	100%	1,017,796	100%

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

10. Risk Management (continued)

10.4 Credit risk (continued)

(a) Geographical sectors

The Funds' maximum credit exposure can be analysed based on the country of domicile of counterparties. The domicile of counterparty for each Fund is Barbados.

	30-Sep 2021 \$	30-Sep 2020 \$
Republic Income Fund	12,936,607	13,617,837
Republic Capital Growth Fund	1,437,007	1,564,550
Republic Property Fund	978,239	1,017,796

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

10. Risk Management (continued)

10.4 Credit risk (continued)

(b) Industry sectors

The following table breaks down the Fund's maximum credit exposure as categorized by the industry sectors:

	30-Sep 2021 \$	30-Sep 2020 \$
REPUBLIC INCOME FUND		
Government & Government Bodies	7,469,144	7,752,685
Financial Sector	1,595,324	1,924,180
Education	898,155	990,572
Transportation	1,187,384	1,136,400
Other Service	1,786,600	1,814,000
	<u>12,936,607</u>	<u>13,617,837</u>
	30-Sep 2021 \$	30-Sep 2020 \$
REPUBLIC CAPITAL GROWTH FUND		
Government & Government Bodies	637,140	674,146
Financial Sector	616,472	707,009
Other Service	183,395	183,395
	<u>1,437,007</u>	<u>1,564,550</u>
	30-Sep 2021 \$	30-Sep 2020 \$
REPUBLIC PROPERTY FUND		
Government & Government Bodies	248,299	264,524
Financial Sector	581,516	611,222
Transportation	148,424	142,050
	<u>978,239</u>	<u>1,017,796</u>

Republic Funds (Barbados) Inc.**Notes to the Financial Statements**

For the year ended 30 September 2021
(Expressed in Barbados dollars)

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 2021 and 2020, 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 2021
(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 2021
(Expressed in Barbados dollars)

12. Determination of fair value and fair value hierarchies (continued)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Republic Income Fund				
For the year ended September 30, 2021				
Fixed income securities	-	3,859,435	-	3,859,435
Government of Barbados Debentures	-	-	7,455,237	7,455,237
Equity securities	360,085	-	-	360,085
	<u>360,085</u>	<u>3,859,435</u>	<u>7,455,237</u>	<u>11,674,757</u>
As at September 30, 2020				
Fixed income securities	-	3,940,972	-	3,940,972
Government of Barbados Debentures	-	-	7,726,700	7,726,700
Equity securities	417,490	-	-	417,490
	<u>417,490</u>	<u>3,940,972</u>	<u>7,726,700</u>	<u>12,085,162</u>
REPUBLIC CAPITAL GROWTH FUND				
For the year ended September 30, 2021				
Government of Barbados Debentures	-	-	635,954	635,954
Equity securities	5,875,714	-	-	5,875,714
	<u>5,875,714</u>	<u>-</u>	<u>635,954</u>	<u>6,511,668</u>
As at September 30, 2020				
Government of Barbados Debentures	-	-	659,110	659,110
Equity securities	5,529,045	-	-	5,529,045
	<u>5,529,045</u>	<u>-</u>	<u>659,110</u>	<u>6,188,155</u>

Republic Funds (Barbados) Inc.
Notes to the Financial Statements

For the year ended 30 September 2021
(Expressed in Barbados dollars)

12. Determination of fair value and fair value hierarchies (continued)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
REPUBLIC PROPERTY FUND				
For the year ended September 30, 2021				
Fixed income securities	-	146,836	-	146,836
Government of Barbados Debentures	-	-	247,836	247,836
Equity securities	36,278	-	44,056	80,334
Investment properties	-	-	502,146	502,146
	<u>36,278</u>	<u>146,836</u>	<u>794,038</u>	<u>977,152</u>
As at September 30, 2020				
Fixed income securities	-	142,050	-	142,050
Government of Barbados Debentures	-	-	256,862	256,862
Equity securities	77,336	-	44,754	122,090
Investment properties	-	-	468,686	468,686
	<u>77,336</u>	<u>142,050</u>	<u>770,302</u>	<u>989,688</u>

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2021
(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 2021, no assets were transferred between Level 1 and Level 2.

12.2 Transfers between Level 2 and 3

For the year ended 30 September 2021, no 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			
Government of Barbados Debentures	7,726,700	(271,463)	7,455,237
Republic Capital Growth Fund			
Financial assets measured at fair value			
Government of Barbados Debentures	659,110	(23,156)	635,954
Republic Property Fund			
Financial assets measured at fair value			
Government of Barbados Debentures	256,862	(9,026)	247,836
Investment properties	468,686	33,460	502,146

12. Subsequent Event

On 15 November 2021, the Directors of Republic Funds (Barbados) Inc. entered into an agreement with Victoria Mutual Fund Investment Limited (VMIL) to acquire 100% of the issued and authorised common shares in Republic Funds (Barbados) Inc., the owner and operator of the Republic Bank family of Mutual Funds comprising of Republic Income Fund, Republic Capital Growth Fund and Republic Property Fund. The transaction is subject to the approval of Regulators in Barbados and Jamaica.



Republic Funds (Barbados) Inc.