



ANNUAL REPORT 2 0 2 0



Republic Funds (Barbados) Inc.

Republic Funds (Barbados) Inc.

Financial Statements

For the year ended 30 September 2020
(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 Barbados

Banker

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

Consulting Counsel

Clarke Gittens & Farmer
Attorneys At Law



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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 2020 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 2020, 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 Plan 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 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
2 December 2020

Republic Funds (Barbados) Inc.

Republic Income Fund

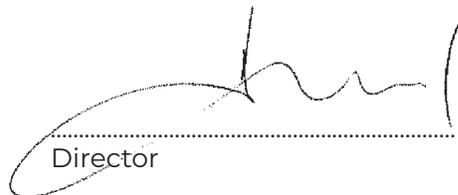
Statement of Financial Position

For the year ended 30 September 2020
(Expressed in Barbados dollars)

	Notes	Republic Income Fund 30-Sep 2020 \$	Republic Income Fund 30-Sep 2019 \$
Assets			
Cash at bank	5	1,924,180	1,777,266
Interest receivable		13,907	13,907
Withholding tax receivable		12,078	45,594
Financial assets	6	<u>12,085,162</u>	<u>11,859,797</u>
Total assets		<u>14,035,327</u>	<u>13,696,564</u>
Liabilities and equity			
Liabilities			
Accounts payable and accrued expenses		174,725	165,848
Due to related company	7	<u>34,441</u>	<u>31,718</u>
		<u>209,166</u>	<u>197,566</u>
Net assets attributable to redeemable fund shareholders	8	<u>13,825,761</u>	<u>13,498,598</u>
Total liabilities		<u>14,034,927</u>	<u>13,696,164</u>
Represented by: Shareholder's equity	8	<u>400</u>	<u>400</u>
Total liabilities and equity		<u>14,035,327</u>	<u>13,696,564</u>
Net asset value per redeemable fund share		<u>1.2498</u>	<u>1.1924</u>



Director



Director

Republic Funds (Barbados) Inc.

Republic Income Fund

Statement of Comprehensive Income

For the year ended 30 September 2020
(Expressed in Barbados dollars)

	Notes	Republic Income Fund 30-Sep 2020 \$	Republic Income Fund 30-Sep 2019 \$
Income			
Interest on bank balances		5	21
Interest on financial assets		409,068	443,560
Realised gain on financial assets		216,657	-
Unrealised gain/(loss) on financial assets		342,998	(112,706)
Dividends		6,088	10,437
		<u>974,816</u>	<u>341,312</u>
Expenses			
Management fees	4	128,222	129,311
Custody fees	4	25,644	25,862
Other charges		2,429	51,494
Audit fees		67,660	51,000
		<u>223,955</u>	<u>257,667</u>
Operating income for the year		750,861	83,645
Finance costs		(112,318)	-
Distributions to redeemable fund shareholders			
Net and total comprehensive income for the year and net increase in net assets attributable to redeemable fund shareholders		<u>638,543</u>	<u>83,645</u>

Republic Funds (Barbados) Inc.
Republic Income Fund
Statement of Changes in Net Assets Attributable to Redeemable Fund Shareholders

For the year ended 30 September 2020
(Expressed in Barbados dollars)

	Notes	Republic Income Fund 30-Sep 2020 \$	Republic Income Fund 30-Sep 2019 \$
Opening balances		13,498,598	14,300,725
Net and total comprehensive income for the year and net increase in net assets attributable to redeemable fund shareholders		638,543	83,645
Shares issued during the year	8	51,087	-
Shares redeemed during the year	8	(362,467)	(885,772)
Closing balances		13,825,761	13,498,598

Republic Funds (Barbados) Inc.

Republic Income Fund

Statement of Cash Flows

For the year ended 30 September 2020
(Expressed in Barbados dollars)

	Republic Income Fund 30-Sep 2020 \$	Republic Income Fund 30-Sep 2019 \$
Cash flows from operating activities		
Operating income for the year	750,861	83,645
Unrealised (gains)/losses on financial assets	(342,998)	112,706
Decrease in receivables	33,516	19,013
Increase/(decrease) in amounts due to related company	2,723	(1,422)
Decrease in financial assets	117,632	336,492
Increase/(decrease) in accounts payable and accrued expenses	8,878	(735)
	<u>570,612</u>	<u>549,699</u>
Cash flows from financing activities		
Issuance of redeemable fund shares	51,087	-
Redemption of redeemable fund shares	(362,467)	(885,772)
Distributions paid	(112,318)	-
	<u>(423,698)</u>	<u>(885,772)</u>
Net cash flows used in financing activities		
	<u>(423,698)</u>	<u>(885,772)</u>
Net increase/(decrease) in cash	146,914	(336,073)
Cash - beginning of year	<u>1,777,266</u>	<u>2,113,339</u>
Cash - end of year	<u>1,924,180</u>	<u>1,777,266</u>

Republic Funds (Barbados) Inc.

Republic Capital Growth Fund

Statement of Financial Position

For the year ended 30 September 2020
(Expressed in Barbados dollars)

	Notes	Republic Capital Growth Fund 30-Sep 2020 \$	Republic Capital Growth Fund 30-Sep 2019 \$
Assets			
Cash at bank	5	707,009	293,428
Interest receivable		1,186	1,186
Other receivables		183,395	189,767
Withholding tax receivable		13,850	13,863
Financial assets	6	<u>6,188,155</u>	<u>6,939,745</u>
Total assets		<u>7,093,595</u>	<u>7,437,989</u>
Liabilities and equity			
Liabilities			
Accounts payable and accrued expenses		17,905	26,196
Due to related company	7	<u>31,398</u>	<u>30,019</u>
		<u>49,303</u>	<u>56,215</u>
Net assets attributable to redeemable fund shareholders	8	<u>7,043,892</u>	<u>7,381,374</u>
Total liabilities		<u>7,093,195</u>	<u>7,437,589</u>
Represented by:			
Shareholder's equity	8	<u>400</u>	<u>400</u>
Total liabilities and equity		<u>7,093,595</u>	<u>7,437,989</u>
Net asset value per redeemable fund share		<u>1.2298</u>	<u>1.2560</u>

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Director

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Director

Republic Funds (Barbados) Inc.

Republic Capital Growth Fund

Statement of Comprehensive Loss

For the year ended 30 September 2020
(Expressed in Barbados dollars)

	Notes	Republic Capital Growth Fund 30-Sep 2020 \$	Republic Capital Growth Fund 30-Sep 2019 \$
Income			
Interest on financial assets		14,236	14,236
Dividends		145,159	217,928
Realised gain/(loss) on sale of financial assets		649,267	(12,061)
Unrealised losses on financial assets		<u>(785,403)</u>	<u>(1,132,866)</u>
		<u>23,259</u>	<u>(912,763)</u>
Expenses			
Management fees	4	120,784	128,118
Custody fees	4	13,804	14,642
Other charges		773	54,096
Audit fees		<u>33,796</u>	<u>28,200</u>
		<u>169,157</u>	<u>225,056</u>
Net and total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders		<u>(145,898)</u>	<u>(1,137,819)</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 2020
(Expressed in Barbados dollars)

	Notes	Republic Capital Growth Fund 30-Sep 2020 \$	Republic Capital Growth Fund 30-Sep 2019 \$
Opening balances		7,381,374	8,778,805
Net and total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders		(145,898)	(1,137,819)
Shares issued during the year	8	118,366	96,080
Shares redeemed during the year	8	(309,950)	(355,692)
Closing balances		7,043,892	7,381,374

Republic Funds (Barbados) Inc.

Republic Capital Growth Fund

Statement of Cash Flows

For the year ended 30 September 2020
(Expressed in Barbados dollars)

	Republic Capital Growth Fund 30-Sep 2020	Republic Capital Growth Fund 30-Sep 2019
	\$	\$
Cash flows from operating activities		
Net and total comprehensive loss for the year	(145,898)	(1,137,819)
Unrealised losses on financial assets	785,403	1,132,866
Decrease/(increase) in receivables	6,385	(174,665)
Increase/(decrease) in amounts due to related company	1,379	(9,513)
(Increase)/decrease in financial assets	(33,813)	582,501
Decrease in accounts payable and accrued expenses	(8,291)	(7,826)
	<u>605,165</u>	<u>385,544</u>
Financing activities		
Issuance of redeemable fund shares	118,366	96,080
Redemption of redeemable fund shares	(309,950)	(355,692)
	<u>(191,584)</u>	<u>(259,612)</u>
Net cash flows used in financing activities		
Net increase in cash	413,581	125,932
Cash - beginning of year	<u>293,428</u>	<u>167,496</u>
Cash - end of year	<u>707,009</u>	<u>293,428</u>

Republic Funds (Barbados) Inc.

Republic Property Fund

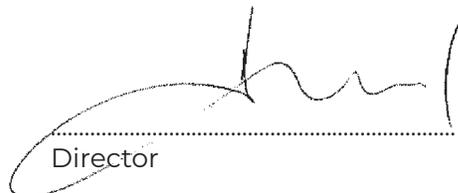
Statement of Financial Position

For the year ended 30 September 2020
(Expressed in Barbados dollars)

	Notes	Republic Property Fund 30-Sep 2020 \$	Republic Property Fund 30-Sep 2019 \$
Assets			
Cash at bank	5	611,222	611,981
Interest receivable		462	462
Other receivables		-	1,628
Withholding tax receivable		7,200	9,344
Financial assets	6	989,688	1,031,922
Total assets		1,608,572	1,655,337
Liabilities and equity			
Liabilities			
Accounts payable and accrued expenses		4,427	9,832
Due to related company	7	7,060	7,355
		11,487	17,187
Net assets attributable to redeemable fund shareholders	8	1,596,935	1,638,000
Total liabilities		1,608,422	1,655,187
Represented by:			
Shareholder's equity	8	150	150
Total liabilities and equity		1,608,572	1,655,337
Net asset value per redeemable fund share		0.6876	0.7007



Director



Director

Republic Funds (Barbados) Inc.

Republic Property Fund

Statement of Comprehensive Loss

For the year ended 30 September 2020
(Expressed in Barbados dollars)

	Notes	Republic Property Fund 30-Sep 2020 \$	Republic Property Fund 30-Sep 2019 \$
Income			
Interest on financial assets		15,734	21,580
Dividends		-	4,883
Impairment on investment property		-	(31,314)
Realised losses on financial assets		(9,519)	(78,147)
Unrealised gain/(loss) on financial assets		9,211	(41,194)
Other Income		2,006	31,500
		<u>17,432</u>	<u>(92,692)</u>
Expenses			
Management fees	4	26,744	31,905
Custody fees	4	3,057	3,646
Other charges		13,807	133,071
Audit fees		4,171	3,600
		<u>47,779</u>	<u>172,222</u>
Net and total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders		<u>(30,347)</u>	<u>(264,914)</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 2020
(Expressed in Barbados dollars)

	Notes	Republic Property Fund 30-Sep 2020 \$	Republic Property Fund 30-Sep 2019 \$
Opening balances		1,638,000	2,005,610
Net and total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders		(30,347)	(264,914)
Shares redeemed during the year	8	(10,718)	(102,696)
Closing balances		1,596,935	1,638,000

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

For the year ended 30 September 2020
(Expressed in Barbados dollars)

	Republic Property Fund 30-Sep 2020 \$	Republic Property Fund 30-Sep 2019 \$
Cash flows from operating activities		
Net and total comprehensive loss for the year	(30,347)	(264,914)
Impairment on investment properties	-	31,314
Unrealised (gains)/losses on financial assets	(9,211)	41,194
Decrease/(increase) in receivables	3,771	(2,091)
(Decrease) in amounts due to related company	(295)	(16,035)
Decrease in financial assets	51,446	959,615
Increase in accounts payable and accrued expenses	(5,405)	(28,691)
	9,959	720,392
Cash flows from financing activities		
Redemption of redeemable fund shares	(10,718)	(102,696)
	(10,718)	(102,696)
Net cash flows used in financing activities	(10,718)	(102,696)
Net (decrease)/increase in cash	(759)	617,696
(Overdraft)/Cash - beginning of year	611,981	(5,715)
Cash - end of year	611,222	611,981

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

For the year ended 30 September 2020
(Expressed in Barbados dollars)

	Republic Income Fund \$	Republic Capital Growth Fund \$	Republic Property Fund \$
Common shares			
Balances as at 30 September 2020 and 2019.	400	400	150

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2020
(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 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

These financial statements provide information on the accounting estimates and judgements made by the Fund (See Note 3). These estimates and judgements are reviewed on an ongoing basis. The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of the 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 governments 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 Fund formed estimates based on information that was available on September 30, 2020, 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 Fund for future periods.

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 2019 except for the adoption of new standards and interpretations below.

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2020
(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

b) Changes in accounting policies (continued)

i) New accounting policies / improvements adopted

IFRS 9 Financial Instruments: Prepayment Features With Negative Compensation - Amendments to IFRS 9 (effective January 1, 2019)

The amendments to IFRS 9 clarify that a financial asset passes the solely payments of principal and interest (SPPI) criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments must be applied retrospectively; earlier application is permitted.

The amendments are intended to apply where the prepayment amount approximates to unpaid amounts of principal and interest plus or minus an amount that reflects the change in a benchmark interest rate.

This implies that prepayments at current fair value or at an amount that includes the fair value of the cost to terminate an associated hedging instrument, will normally satisfy the SPPI criterion only if other elements of the change in fair value, such as the effects of credit risk or liquidity, are small. Most likely, the costs to terminate a 'plain vanilla' interest rate swap that is collateralised, so as to minimise the credit risks for the parties to the swap, will meet this requirement.

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 16 Leases (effective January 1, 2019)

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

IAS 28 Investments in Associates and Joint Ventures - Amendments to IAS 28 (effective January 1, 2019)

IAS 19 Employee Benefits: Plan Amendment, Curtailment, Settlement - Amendments to IAS 19 (effective January 1, 2019)

IFRS 3 Business Combinations: Previously Held Interests in Joint Operation - Amendments to IFRS 3 (effective January 1, 2019)

IFRS 11 Joint Arrangements: Previously Held Interests in Joint Operation - Amendments to IFRS 11 (effective January 1, 2019)

IAS 12 Income Taxes: Income Taxes Consequences of Payments on Financial Instruments Classified As Equity - Amendments to IAS 12 (effective January 1, 2019)

IAS 23 Borrowing Costs: Borrowing Costs Eligible for Capitalisation - Amendments to IAS 23 (effective January 1, 2019)

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

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

For the year ended 30 September 2020
(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.

Conceptual Framework for Financial Reporting effective January 1, 2020

The Conceptual Framework 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. This will affect companies who developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, 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.

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

The IASB issued amendments to IAS 1 and IAS 8 to align the definition of material across the standards and to clarify certain aspects of the definition

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.

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2020
(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

b) Changes in accounting policies (continued)

ii) Standards in issue not yet effective

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

The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

IAS 1 Presentation of Financial Statements: classification of liabilities as current and non-current - Amendments to IAS 1 (effective January 1, 2022)

The Board 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 terms of a liability not impact its classification

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

IFRS 3 Business Combinations: definition of a business - Amendments to IFRS 3 (effective January 1, 2020)

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

IFRS 17 Insurance Contracts (effective January 1, 2023)

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

IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments Disclosures: Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (effective January 1, 2020)

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2020
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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 January 1, 2020:

IFRS Subject of Amendment

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

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

IAS 41 - Agriculture – Taxation in fair value measurements (effective January 1, 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 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.

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

For the year ended 30 September 2020
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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 2020
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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 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.

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 2020 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 2020 year end.

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

For the year ended 30 September 2020
(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. 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 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 2020
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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 2020 \$	30-Sep 2019 \$
Republic Income Fund	1.00%	128,222	129,311
Republic Capital Growth Fund	1.75%	120,784	128,118
Republic Property Fund	1.75%	26,744	31,905
Total		275,750	289,334

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 2020 \$	30-Sep 2019 \$
Republic Income Fund	0.20%	25,644	25,862
Republic Capital Growth Fund	0.20%	13,804	14,642
Republic Property Fund	0.20%	3,057	3,646
Total		42,505	44,150

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 0.05 - 2.5% (2019 - 0.05-2.5%) per annum.

	30-Sep 2020	30-Sep 2019
	<i>Cash</i>	<i>Cash</i>
Republic Income Fund	1,924,180	1,777,266
Republic Capital Growth Fund	707,009	293,428
Republic Property Fund	611,222	611,981

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

For the year ended 30 September 2020
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6. Financial assets

	No. of shares \$	30-Sep 2020 Cost	Market Value \$
Republic Income Fund			
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		4,140,714	3,940,972
Government of Barbados Debentures			
Government of Barbados - Series D		11,125,559	7,726,700
Total Government of Barbados Debentures		11,125,559	7,726,700
Total Republic Income Fund Investments		15,667,671	12,085,162

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

For the year ended 30 September 2020
(Expressed in Barbados dollars)

6. Financial assets (continued)

	No. of shares \$	30-Sep 2019 Cost	Market Value \$
Republic Income Fund (continued)			
Local investments			
Equity securities			
Conglomerate			
Goddard Enterprises Ltd.	173,954	401,398	568,830
Fixed income securities			
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		<u>4,472,077</u>	<u>4,080,492</u>
Government of Barbados Debentures			
Government of Barbados - Series D		11,125,559	7,210,475
Total Government of Barbados Debentures		<u>11,125,559</u>	<u>7,210,475</u>
Total Republic Income Fund Investments		<u>15,999,034</u>	<u>11,859,797</u>

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

For the year ended 30 September 2020
(Expressed in Barbados dollars)

6. Financial assets (continued)

	No. of shares	30-Sep 2020 Cost \$	Market Value \$
Republic Capital Growth Fund			
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
Media One Caribbean Media Ltd.	112,128	565,078	302,746
Total local equity securities		1,845,882	2,287,911
Government of Barbados Debentures			
Government of Barbados - Series D		949,043	659,110
Total Government of Barbados Debentures		949,043	659,110
Total local investments		2,794,925	2,947,021

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2020
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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
Sagikor 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>
Total foreign equity securities		<u>2,772,109</u>	<u>3,241,134</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 2020
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6. Financial assets (continued)

	No. of shares	30-Sep 2019 Cost \$	Market Value \$
Republic Capital Growth Fund (continued)			
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
		<u>1,300,234</u>	<u>1,105,836</u>
Media			
One Caribbean Media Ltd.	112,128	565,078	302,746
Total local equity securities		<u>2,454,359</u>	<u>3,238,832</u>
Fixed income securities			
Apes Hill Development SRL Bond		608,943	-
Total fixed income securities		<u>608,943</u>	<u>-</u>
Government of Barbados Debentures			
Government of Barbados - Series D		949,043	615,075
Total Government of Barbados Debentures		<u>949,043</u>	<u>615,075</u>
Total local investments		<u>4,012,345</u>	<u>3,853,907</u>

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

For the year ended 30 September 2020
(Expressed in Barbados dollars)

6. Financial assets (continued)

		30-Sep 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
		<u>513,019</u>	<u>457,062</u>
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
		<u>424,076</u>	<u>425,021</u>
Total foreign equity securities		<u>2,339,701</u>	<u>3,085,838</u>
Total Republic Capital Growth Fund Investments		<u>6,352,046</u>	<u>6,939,745</u>

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

For the year ended 30 September 2020
(Expressed in Barbados dollars)

6. Financial assets (continued)

	No. of shares	30-Sep 2020 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			
Barbados Port Inc.		150,000	142,050
Total fixed income securities		150,000	142,050
Government of Barbados Debentures			
Government of Barbados - Series D		369,850	256,862
Total Government of Barbados Debentures		369,850	256,862
Investment properties			
Apes Hill Development		1,291,149	468,686
Total investment properties		1,291,149	468,686
Total Republic Property Fund investments		2,034,439	989,688

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

For the year ended 30 September 2020
(Expressed in Barbados dollars)

6. Financial assets (continued)

	No. of shares	30-Sep 2019 Cost \$	Market Value \$
Republic Property Fund (continued)			
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			
Barbados Port Inc.		191,926	201,446
Total fixed income securities		191,926	201,446
Total Government of Barbados Debentures			
Government of Barbados - Series D		369,850	239,700
Government of Barbados Debentures		369,850	239,700
Investment properties			
Apes Hill Development		1,291,149	468,686
Total investment properties		1,291,149	468,686
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 2020
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6. Financial Assets (continued)

The Fund accepted the Government of Barbados Debt Exchange offer in the 2019 financial year. 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 have no stated terms of repayment.

	30-Sep 2020 \$	30-Sep 2019 \$
Republic Income Fund	34,441	31,718
Republic Capital Growth Fund	31,398	30,019
Republic Property Fund	7,060	7,355
Total	<u>72,899</u>	<u>69,092</u>

8. Share capital

	No. of Shares	30-Sep 2020 \$	No. of Shares	30-Sep 2019 \$
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 2020
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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 2020 \$	No. of Shares	30-Sep 2019 \$
Redeemable fund shares				
Republic Income Fund				
Balance - beginning of the year	11,320,372	13,498,598	12,058,617	14,300,725
Issued during the year	42,749	51,087	-	-
Redeemed during the year	(300,721)	(362,467)	(738,245)	(885,772)
Net and total comprehensive income for the year and net increase in net assets attributable to redeemable fund shareholders	-	638,543	-	83,645
Balance - end of year	11,062,400	13,825,761	11,320,372	13,498,598
Republic Capital Growth Fund				
Balance - beginning of the year	5,876,721	7,381,374	6,050,479	8,778,805
Issued during the year	94,030	118,366	71,197	96,080
Redeemed during the year	(242,907)	(309,950)	(244,955)	(355,692)
Total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders	-	(145,898)	-	(1,137,819)
Balance - end of year	5,727,844	7,043,892	5,876,721	7,381,374
Republic Property Fund				
Balance - beginning of the year	2,337,706	1,638,000	2,462,580	2,005,610
Redeemed during the year	(15,391)	(10,718)	(124,874)	(102,696)
Total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders	-	(30,347)	-	(264,914)
Balance - end of year	2,322,315	1,596,935	2,337,706	1,638,000

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2020
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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 2020	No. of Shares 30-Sep 2019
Republic Bank (Barbados) Limited		
Class D - Republic Property Fund	1,486,607	1,486,607

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

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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 2020		30-Sep 2019	
	Interest Rates	Years to maturity	Interest Rates	Years to maturity
Republic Income Fund				
Government Series D Bond	1.50%	0 - 33	1.50%	0 - 34
Bonds	4.20% - 7.50%	5 - 19	5.00% - 7.50%	5 - 16
Republic Capital Growth Fund				
Government Series D Bond	1.50%	0 - 33	1.50%	0 - 34
Republic Property Fund				
Government Series D Bond	1.50%	0 - 33	1.50%	0 - 34
Bonds	4.20%	0 - 5	7.5%	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

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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 2020		30-Sep 2019	
	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	417,490	(20,875)	568,830	(28,442)
	<u>417,490</u>	<u>(20,875)</u>	<u>568,830</u>	<u>(28,442)</u>
Republic Capital Growth Fund				
Equity securities:				
Listed on Caribbean stock exchanges and markets	3,934,930	(196,747)	4,839,236	(241,962)
Listed on International stock exchanges and markets	1,594,115	(79,706)	1,485,434	(74,272)
	<u>5,529,045</u>	<u>(276,453)</u>	<u>6,324,670</u>	<u>(316,234)</u>
Republic Property Fund				
Equity securities:				
Listed on Caribbean stock exchanges and markets	77,336	(3,867)	77,336	(3,867)
Unlisted securities	44,754	(2,238)	44,754	(2,238)
	<u>122,090</u>	<u>(6,105)</u>	<u>122,090</u>	<u>(6,105)</u>

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

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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

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10. Risk Management (continued)

10.4.1 Credit risk

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

	30-Sep 2020		30-Sep 2019	
	Gross maximum exposure \$	%	Gross maximum exposure \$	%
Republic Income Fund				
Cash at bank	1,924,180	14%	1,777,266	14%
Interest receivable	13,907	0%	13,907	0%
Withholding tax receivables	12,078	0%	45,594	0%
Fixed income securities	3,940,972	29%	4,080,492	31%
Government of Barbados Debentures	7,726,700	57%	7,210,475	55%
Total	13,617,837	100%	13,127,734	100%
Republic Capital Growth Fund				
Cash at bank	707,009	45%	293,428	26%
Interest receivable	1,186	0%	1,186	0%
Other receivables	183,395	12%	189,767	18%
Withholding tax receivables	13,850	1%	13,863	1%
Government of Barbados Debentures	659,110	42%	615,075	55%
Total	1,564,550	100%	1,113,319	100%
Republic Property Fund				
Cash at bank	611,222	61%	611,981	57%
Interest receivable	462	0%	462	0%
Other receivables	-	0%	1,628	0%
Withholding tax receivables	7,200	1%	9,344	1%
Fixed income securities	142,050	14%	201,446	19%
Government of Barbados Debentures	256,862	24%	239,700	23%
Total	1,017,796	100%	1,064,561	100%

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2020
(Expressed in Barbados dollars)

10. Risk Management (continued)

10.4.2 Credit risk

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 2020 \$	30-Sep 2019 \$
Republic Income Fund	13,617,837	13,127,734
Republic Capital Growth Fund	1,564,550	1,113,319
Republic Property Fund	1,017,796	1,064,561

Republic Funds (Barbados) Inc.

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For the year ended 30 September 2020
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10. Risk Management (continued)

10.4.3 Credit risk

a) Industry sectors

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

	30-Sep 2020 \$	30-Sep 2019 \$
REPUBLIC INCOME FUND		
Government & Government Bodies	7,752,685	7,269,976
Financial Sector	1,924,180	1,777,266
Education	990,572	1,013,856
Transportation	1,136,400	1,285,636
Other Service	1,814,000	1,781,000
	<u>13,617,837</u>	<u>13,127,734</u>
	30-Sep 2020 \$	30-Sep 2019 \$
REPUBLIC CAPITAL GROWTH FUND		
Government & Government Bodies	674,146	630,124
Financial Sector	707,009	293,428
Other Service	183,395	189,767
	<u>1,564,550</u>	<u>1,113,319</u>
	30-Sep 2020 \$	30-Sep 2019 \$
REPUBLIC PROPERTY FUND		
Government & Government Bodies	264,524	249,506
Financial Sector	611,222	611,981
Transportation	142,050	201,446
Other Service	-	1,628
	<u>1,017,796</u>	<u>1,064,561</u>

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 2020 and 2019, 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 2020
(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 2020
(Expressed in Barbados dollars)

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

	Level 1	Level 2	Level 3	Level 4
	\$		\$	
Republic Income Fund				
For the year ended 30 September 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>
As at 30 September 2019				
Fixed income securities	-	4,080,492	-	4,080,492
Government of Barbados Debentures	-	-	7,210,475	-
Equity securities	568,830	-	-	568,830
	<u>568,830</u>	<u>4,080,492</u>	<u>7,210,475</u>	<u>4,649,322</u>
REPUBLIC CAPITAL GROWTH FUND				
For the year ended 30 September 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>
As at 30 September 2019				
Government of Barbados Debentures	-	-	615,075	615,075
Equity securities	6,324,670	-	-	6,324,670
	<u>6,324,670</u>	<u>-</u>	<u>615,075</u>	<u>6,939,745</u>

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

For the year ended 30 September 2020
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12. Determination of fair value and fair value hierarchies (continued)

	Level 1	Level 2	Level 3	Level 4
	\$		\$	
REPUBLIC PROPERTY FUND				
For the year ended 30 September 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>
As at 30 September 2019				
Fixed income securities	-	201,446	-	201,446
Government of Barbados Debentures	-	-	239,700	239,700
Equity securities	77,336	-	44,754	122,090
Investment properties	-	-	468,686	468,686
	<u>77,336</u>	<u>201,446</u>	<u>753,140</u>	<u>1,031,922</u>

Republic Funds (Barbados) Inc.

Notes to the Financial Statements

For the year ended 30 September 2020
(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 2020, no assets were transferred between Level 1 and Level 2.

12.2 Transfers between Level 2 and 3

For the year ended 30 September 2020, 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	7,210,475	516,225	7,726,700
Republic Capital Growth			
Financial assets measured at fair value			
Government of Barbados Debentures	615,075	44,035	659,110
Republic Property Fund			
Financial assets measured at fair value			
Government of Barbados Debentures	239,700	17,162	256,862
Investment properties	468,686	-	468,686



Republic Funds (Barbados) Inc.