



Republic Funds (Barbados) Inc.

# 2022 ANNUAL REPORT







## Republic Funds (Barbados) Inc.

### Financial Statements

For the year ended 30 September 2022  
(Expressed in Barbados dollars)

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## Republic Funds (Barbados) Inc.

### Corporate Information

#### Directors

Mr. Derwin Howell – Chairman

Mr. Anthony Clerk – Managing Director

Ms. Lillian Simone Brathwaite

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



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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 September 30, 2022 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 September 30, 2022, 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 Independent 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 of 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 IFRSs 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**

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, 2002 of Barbados. Our audit work has been undertaken so that we might state to the Republic Income Fund's, Republic Capital Growth Fund's and Republic Property Fund's shareholders those matters we are required to state to them 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 Fund and the Fund's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

*Ernst & Young Ltd*

Barbados  
27 January 2023

## Republic Funds (Barbados) Inc.

### Republic Income Fund

#### Statement of Financial Position

As at September 30, 2022  
(Expressed in Barbados dollars)

	Notes	Republic Income Fund 30-Sep 2022 \$	Republic Income Fund 30-Sep 2021 \$
<b>Assets</b>			
Cash at bank	5	554,427	1,595,324
Interest receivable		13,907	26,611
Financial assets	6	11,487,276	11,674,757
<b>Total assets</b>		<b>12,055,610</b>	<b>13,296,692</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses		167,804	169,155
Due to related company	8	19,985	34,061
		<b>187,789</b>	<b>203,216</b>
<b>Net assets attributable to redeemable fund shareholders</b>	9	<b>11,867,421</b>	<b>13,093,076</b>
<b>Total liabilities</b>		<b>12,055,210</b>	<b>13,296,292</b>
<b>Equity</b>			
Share capital	9	400	400
<b>Total liabilities and equity</b>		<b>12,055,610</b>	<b>13,296,692</b>
Net asset value per redeemable fund share	2(f)	<b>1.2524</b>	<b>1.2185</b>

Approved by the Board of Directors on January 23, 2023.

.....  
Director

.....  
Director

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

## Republic Funds (Barbados) Inc.

### Republic Income Fund

#### Statement of Comprehensive Income

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

	Notes	Republic Income Fund 30-Sep 2022 \$	Republic Income Fund 30-Sep 2021 \$
<b>Income</b>			
Interest on bank balances		-	118
Interest on financial assets		388,235	390,368
Unrealised gain/(loss) on financial assets		341,804	(377,010)
Dividends		5,219	1,740
		<b>735,258</b>	<b>15,216</b>
<b>Expenses</b>			
Management fees	4	124,993	137,918
Custody fees	4	24,999	27,584
Other charges		119,303	31,383
Audit fees		23,460	39,076
		<b>292,755</b>	<b>235,961</b>
<b>Operating income/(loss) for the year</b>		<b>442,504</b>	<b>(220,745)</b>
<b>Finance costs</b>			
Distributions to redeemable fund shareholders		(106,534)	(110,160)
<b>Net and total comprehensive income/(loss) for the year and net increase/(decrease) in net assets attributable to redeemable fund shareholders</b>		<b>335,970</b>	<b>(330,905)</b>

## Republic Funds (Barbados) Inc.

### Republic Income Fund

#### Statement of Changes in Net Assets Attributable to Redeemable Fund Shareholders

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

	Notes	Republic Income Fund 30-Sep 2022 \$	Republic Income Fund 30-Sep 2021 \$
<b>Opening balances</b>		<b>13,093,076</b>	13,825,761
Net and total comprehensive income/(loss) for the year and net increase/(decrease) in net assets attributable to redeemable fund shareholders		<b>335,970</b>	(330,905)
Shares issued during the year	10	<b>51,041</b>	49,932
Shares redeemed during the year	10	<b>(1,612,666)</b>	(451,712)
<b>Closing balances</b>		<b>11,867,421</b>	13,093,076

## Republic Funds (Barbados) Inc.

### Republic Income Fund

#### Statement of Cash Flows

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

	Notes	Republic Income Fund 30-Sep 2022 \$	Republic Income Fund 30-Sep 2021 \$
<b>Cash flows from operating activities</b>			
Net income/(loss) for the year		442,504	(220,745)
Unrealised (gain)/loss on financial assets		(341,804)	377,010
Decrease/(increase) in interest receivable		12,704	(626)
Decrease in amounts due to related company		(14,076)	(380)
Decrease in financial assets		529,285	33,395
Decrease in accounts payable and accrued expenses		(1,351)	(5,570)
		<hr/>	<hr/>
Net cash flows from operating activities		627,262	183,084
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Issuance of redeemable fund shares	9	51,041	49,932
Redemption of redeemable fund shares	9	(1,612,666)	(451,712)
Distributions paid		(106,534)	(110,160)
		<hr/>	<hr/>
Net cash flows used in financing activities		(1,668,159)	(511,940)
		<hr/>	<hr/>
Net decrease in cash		(1,040,897)	(328,856)
		<hr/>	<hr/>
<b>Cash - beginning of year</b>		1,595,324	1,924,180
		<hr/>	<hr/>
<b>Cash - end of year</b>		554,427	1,595,324
		<hr/>	<hr/>

## Republic Funds (Barbados) Inc.

### Republic Capital Growth Fund

#### Statement of Financial Position

As at September 30, 2022  
(Expressed in Barbados dollars)

	Notes	Republic Capital Growth Fund 30-Sep 2022 \$	Republic Capital Growth Fund 30-Sep 2021 \$
<b>Assets</b>			
Cash at bank	5	385,284	616,472
Interest receivable		1,186	1,186
Other receivables		50,838	183,395
Financial assets	6	6,416,959	6,511,668
<b>Total assets</b>		<b>6,854,267</b>	<b>7,312,721</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses		37,382	26,708
Due to related company	8	20,598	32,714
		<b>57,980</b>	<b>59,422</b>
<b>Net assets attributable to redeemable fund shareholders</b>	9	<b>6,795,887</b>	<b>7,252,899</b>
<b>Total liabilities</b>		<b>6,853,867</b>	<b>7,312,321</b>
<b>Equity</b>			
Share capital	9	400	400
<b>Total liabilities and equity</b>		<b>6,854,267</b>	<b>7,312,721</b>
Net asset value per redeemable fund share	2(f)	<b>1.3394</b>	1.2824

Approved by the Board of Directors on January 23, 2023.

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Director

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Director

## Republic Funds (Barbados) Inc.

### Republic Capital Growth Fund

#### Statement of Comprehensive Income

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

	Notes	Republic Capital Growth Fund 30-Sep 2022 \$	Republic Capital Growth Fund 30-Sep 2021 \$
<b>Income</b>			
Interest on financial assets		14,236	14,236
Dividends		171,731	143,202
Realised gain on sale of financial assets		7,500	-
Unrealised gain on financial assets		347,791	323,513
		<u>541,258</u>	<u>480,951</u>
<b>Expenses</b>			
Management fees	4	129,082	124,810
Custody fees	4	14,752	14,264
Other charges		51,516	18,638
Audit fees		16,901	19,721
		<u>212,251</u>	<u>177,433</u>
<b>Net and total comprehensive income for the year and net increase in net assets attributable to redeemable fund shareholders</b>		<u>329,007</u>	<u>303,518</u>

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

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

	<b>Notes</b>	<b>Republic Capital Growth Fund 30-Sep 2022 \$</b>	<b>Republic Capital Growth Fund 30-Sep 2021 \$</b>
<b>Opening balances</b>		<b>7,252,899</b>	7,043,892
Net and total comprehensive income for the year and net increase in net assets attributable to redeemable fund shareholders		<b>329,007</b>	303,518
Shares issued during the year	<b>9</b>	<b>73,229</b>	86,155
Shares redeemed during the year	<b>9</b>	<b>(859,248)</b>	(180,666)
<b>Closing balances</b>		<b><u>6,795,887</u></b>	<u>7,252,899</u>

## Republic Funds (Barbados) Inc.

### Republic Capital Growth Fund

#### Statement of Cash Flows

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

	Notes	Republic Capital Growth Fund 30-Sep 2022 \$	Republic Capital Growth Fund 30-Sep 2021 \$
<b>Cash flows from operating activities</b>			
Net income for the year		329,007	303,518
Unrealised gain on financial assets		(347,791)	(323,513)
Decrease in other receivable		132,557	13,850
(Decrease)/increase in amounts due to related company		(12,116)	1,316
Decrease in financial assets		442,500	-
Increase in accounts payable and accrued expenses		10,674	8,803
		<hr/>	<hr/>
Net cash flows from operating activities		554,831	3,974
<b>Financing activities</b>			
Issuance of redeemable fund shares	9	73,229	86,155
Redemption of redeemable fund shares	9	(859,248)	(180,666)
		<hr/>	<hr/>
Net cash flows used in financing activities		(786,020)	(94,511)
		<hr/>	<hr/>
Net decrease in cash		(231,188)	(90,537)
<b>Cash - beginning of year</b>		<b>616,472</b>	<b>707,009</b>
		<hr/>	<hr/>
<b>Cash - end of year</b>		<b>385,284</b>	<b>616,472</b>
		<hr/>	<hr/>

## Republic Funds (Barbados) Inc.

### Republic Property Fund

#### Statement of Financial Position

As at September 30, 2022  
(Expressed in Barbados dollars)

	Notes	Republic Property Fund 30-Sep 2022 \$	Republic Property Fund 30-Sep 2021 \$
<b>Assets</b>			
Cash at bank	5	512,896	581,516
Interest receivable		462	2,051
Investment property	7	515,000	502,146
Financial assets	6	462,178	475,006
<b>Total assets</b>		<b>1,490,536</b>	<b>1,560,719</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses		8,911	15,733
Due to related company	8	4,324	6,863
		<b>13,235</b>	<b>22,596</b>
<b>Net assets attributable to redeemable fund shareholders</b>	9	<b>1,477,151</b>	<b>1,537,973</b>
<b>Total liabilities</b>		<b>1,490,386</b>	<b>1,560,569</b>
<b>Equity</b>			
Share capital	9	150	150
<b>Total liabilities and equity</b>		<b>1,490,536</b>	<b>1,560,719</b>
Net asset value per redeemable fund share	2(f)	<b>0.6498</b>	0.6638

Approved by the Board of Directors on January 23, 2023.

.....  
Director

.....  
Director

## Republic Funds (Barbados) Inc.

### Republic Property Fund

#### Statement of Comprehensive Loss

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

	Notes	Republic Property Fund 30-Sep 2022 \$	Republic Property Fund 30-Sep 2021 \$
<b>Income</b>			
Interest on financial assets		11,776	11,848
Dividends		1,394	1,221
Unrealised gain/(loss) on financial assets		13,662	(12,535)
		<u>26,832</u>	<u>534</u>
<b>Expenses</b>			
Management fees	4	26,231	27,392
Custody fees	4	2,999	3,131
Other charges		26,443	21,095
Audit fees		3,175	4,271
		<u>58,848</u>	<u>55,889</u>
<b>Net and total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders</b>		<u>(32,016)</u>	<u>(55,355)</u>

## Republic Funds (Barbados) Inc.

### Republic Property Fund

#### Statement of Changes in Net Assets Attributable to Redeemable Fund Shareholders

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

	Notes	Republic Property Fund 30-Sep 2022 \$	Republic Property Fund 30-Sep 2021 \$
<b>Opening balances</b>		<b>1,537,973</b>	1,596,935
Net and total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders		<b>(32,016)</b>	(55,355)
Shares redeemed during the year	<b>9</b>	<b>(28,806)</b>	(3,607)
<b>Closing balances</b>		<b>1,477,151</b>	1,537,973

## Republic Funds (Barbados) Inc.

### Republic Property Fund

#### Statement of Cash Flows

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

	Notes	Republic Property Fund 30-Sep 2022 \$	Republic Property Fund 30-Sep 2021 \$
<b>Cash flows from operating activities</b>			
Net loss for the year		(32,016)	(55,355)
Unrealised (gain)/loss on financial assets		(13,662)	12,535
Decrease in interest receivable		1,589	5,612
Decrease in amounts due to related company		(2,539)	(197)
Decrease in financial assets		13,636	-
(Decrease)/increase in accounts payable and accrued expenses		(6,822)	11,306
		<hr/>	<hr/>
Net cash flows used in operating activities		(39,814)	(26,099)
<b>Cash flows from financing activities</b>			
Redemption of redeemable fund shares	9	(28,806)	(3,607)
		<hr/>	<hr/>
Net cash flows used in financing activities		(28,806)	(3,607)
		<hr/>	<hr/>
Net decrease in cash		(68,620)	(29,706)
<b>Cash - beginning of year</b>		<b>581,516</b>	<b>611,222</b>
		<hr/>	<hr/>
<b>Cash - end of year</b>		<b>512,896</b>	<b>581,516</b>
		<hr/>	<hr/>

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

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

	Republic Income Fund \$	Republic Capital Growth Fund \$	Republic Property Fund \$
<b>Common shares</b>			
Balances as at September 30, 2022 and 2021	400	400	150

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(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 (namely the Republic Capital Growth Fund, Republic Income Fund and Republic Property Fund) 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 Funds formed estimates based on information that was available on September 30, 2022, 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 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 and investment properties which are carried at fair value.

##### 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 September 30, 2021.

The amendment and interpretation described below applies for the first time in 2022 but did not have any impact on the financial statements of the Funds. The Funds has 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 September 30, 2022  
(Expressed in Barbados dollars)

#### 2. Significant accounting policies (continued)

##### b) Changes in accounting policies (continued)

###### i) 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.

##### **Amendments to IFRS 3 – Reference to the Conceptual Framework (effective 1 January 2022)**

The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018).

The amendments are intended to update a reference to the Conceptual Framework without significantly changing requirements of IFRS 3. The amendments will promote consistency in financial reporting and avoid potential confusion from having more than one version of the Conceptual Framework in use.

##### **Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (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.

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## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 2. Significant accounting policies (continued)

##### b) Changes in accounting policies (continued)

###### i) Standards in issue not yet effective (continued)

###### **Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective 1 January 2023)** (continued)

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

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.

###### **Amendments to IAS 8 - Definition of Accounting Estimates (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.

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 2. Significant accounting policies (continued)

##### b) Changes in accounting policies (continued)

###### i) Standards in issue not yet effective (continued)

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

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

Amendments to IAS 16 - Property, Plant and Equipment – Proceeds before Intended Use (effective 1 January 2022) Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts: Cost of Fulfilling a Contract (effective 1 January 2022)

IFRS 17 Insurance Contracts (effective 1 January, 2023)

Amendments to IAS 12-Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)

Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 Effective for annual periods beginning on or after 1 January 2024

###### ii) Improvements to International Financial Reporting Standards

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, 2022:

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.

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

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

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

The 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.

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.

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 2. Significant accounting policies (continued)

##### 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.

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

For the year ended September 30, 2022  
(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 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 2022 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 2022 year end.

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(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 September 30, 2022, 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 September 30, 2022  
(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 2022 \$	30-Sep 2021 \$
Republic Income Fund	1.00%	124,993	137,918
Republic Capital Growth Fund	1.75%	129,082	124,810
Republic Property Fund	1.75%	26,231	27,392
<b>Total</b>		<b>280,306</b>	<b>290,120</b>

The Funds have entered into an agreement with Barbados Central Securities Custodian and Trust Services Inc. (BCSTI) to serve as registrar, transfer agent and custodian of the Funds. As a result of providing custodian services, BCSTI 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. Registrar, transfer agent and custodian services were provided by FirstCaribbean International Bank (Barbados) Ltd. (FCIB) for the period October 1, 2021 to August 31, 2022, and BCSTI during the period September 1 - 30, 2022. Fees paid with respect to custodian services were as follows:

Fund	Fee Rate	30-Sep 2022 \$	30-Sep 2021 \$
Republic Income Fund	0.20%	24,999	27,584
Republic Capital Growth Fund	0.20%	14,752	14,264
Republic Property Fund	0.20%	2,999	3,131
<b>Total</b>		<b>42,750</b>	<b>44,979</b>

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 at bank

The cash balances held with Republic Bank (Barbados) Limited, a related company, are non-interest bearing (2021 - interest bearing at rates ranging between 0.05 - 2.5% per annum).

	30-Sep 2022	30-Sep 2021
<b>Republic Income Fund</b>	<b>554,427</b>	<b>1,595,324</b>
<b>Republic Capital Growth Fund</b>	<b>385,284</b>	<b>616,472</b>
<b>Republic Property Fund</b>	<b>512,896</b>	<b>581,516</b>

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 6. Financial assets

	30-Sep 2022	
	Cost \$	Market Value \$
<b>Republic Income Fund</b>		
<b>Local investments</b>		
<b>Fixed income securities</b>		
University of the West Indies - Clarendon Bond	871,563	810,118
Barbados Port Inc. Bond	1,090,909	1,074,000
NSR Bond	2,000,000	1,986,600
<b>Total fixed income securities</b>	<u>3,962,473</u>	<u>3,870,718</u>
<b>Government of Barbados Debentures</b>		
Government of Barbados - Series D	11,125,559	7,616,558
<b>Total Government of Barbados Debentures</b>	<u>11,125,559</u>	<u>7,616,558</u>
<b>Total Republic Income Fund Investments</b>	<u>15,088,032</u>	<u>11,487,276</u>

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 6. Financial assets (continued)

		30-Sep 2021	
	No. of shares	Cost \$	Market Value \$
<b>Republic Income Fund (continued)</b>			
<b>Local investments</b>			
<b>Equity securities</b>			
<b>Conglomerate</b>			
Goddard Enterprises Ltd.	173,954	401,398	360,085
<b>Fixed income securities</b>			
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
<b>Total fixed income securities</b>		<u>4,107,318</u>	<u>3,859,435</u>
<b>Government of Barbados Debentures</b>			
Government of Barbados - Series D		11,125,559	7,455,237
<b>Total Government of Barbados Debentures</b>		<u>11,125,559</u>	<u>7,455,237</u>
<b>Total Republic Income Fund Investments</b>		<u>15,634,275</u>	<u>11,674,757</u>

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

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

**6. Financial assets (continued)**

		30-Sep 2022	
	No. of shares	Cost \$	Market Value \$
<b>Republic Capital Growth Fund</b>			
<b>Local investments</b>			
<b>Equity securities</b>			
<b>Conglomerate</b>			
Goddard Enterprises Ltd.	329,792	155,029	972,886
<b>Banking</b>			
FirstCaribbean International Bank Ltd.	95,230	363,518	143,512
<b>Non-Bank Finance</b>			
Insurance Corporation of Barbados Ltd.	211,117	691,757	375,788
<b>Total local equity securities</b>		<u>1,210,304</u>	<u>1,492,186</u>
<b>Government of Barbados Debentures</b>			
Government of Barbados - Series D		949,043	649,715
<b>Total Government of Barbados Debentures</b>		<u>949,043</u>	<u>649,715</u>
<b>Total local investments</b>		<u>2,159,347</u>	<u>2,141,901</u>

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 6. Financial assets (continued)

		30-Sep 2022	
	No. of shares	Cost \$	Market Value \$
<b>Republic Capital Growth Fund (continued)</b>			
<b>Foreign investments</b>			
<b>Equity securities</b>			
<b>Conglomerate</b>			
Massy Holdings Ltd.	44,468	602,676	1,237,774
<b>Banking</b>			
Royal Bank of Canada	9,111	799,930	1,660,122
<b>Non-Bank Finance</b>			
Guardian Holdings Limited	18,538	55,177	139,684
National Enterprises Ltd.	41,665	193,407	40,628
Clico Investment Fund	40,000	264,435	354,588
Sagicor Financial Corporation	31,799	432,408	282,322
		<u>945,427</u>	<u>817,222</u>
<b>Manufacturing</b>			
West Indian Tobacco Ltd.	2,238	6,914	14,873
Ansa McAL Ltd.	24,093	413,674	402,237
Grace Kennedy Ltd.	9,000	3,488	10,631
		<u>424,076</u>	<u>427,741</u>
<b>Media</b>			
One Caribbean Media Ltd.	112,128	565,078	132,199
<b>Total foreign equity securities</b>		<u>3,337,187</u>	<u>4,275,058</u>
<b>Total Republic Capital Growth Fund Investments</b>		<u>5,496,534</u>	<u>6,416,959</u>

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 6. Financial assets (continued)

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

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 6. Financial assets (continued)

		30-Sep 2021	
	No. of shares	Cost \$	Market Value \$
<b>Republic Capital Growth Fund (continued)</b>			
<b>Foreign investments</b>			
<b>Equity securities</b>			
<b>Conglomerate</b>			
Massy Holdings Ltd.	44,468	602,676	1,085,652
<b>Banking</b>			
Royal Bank of Canada	9,111	799,930	1,803,910
<b>Non-Bank Finance</b>			
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>
<b>Manufacturing</b>			
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>
<b>Media</b>			
One Caribbean Media Ltd.	112,128	565,078	142,019
<b>Total foreign equity securities</b>		<u>3,337,187</u>	<u>4,323,577</u>
<b>Total Republic Capital Growth Fund Investments</b>		<u>5,567,034</u>	<u>6,511,668</u>

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 6. Financial assets (continued)

		30-Sep 2022	
	No. of shares	Cost \$	Market Value \$
<b>Republic Property Fund</b>			
<b>Equity securities</b>			
<b>Unlisted</b>			
Southern Golf & Country Club Ltd.	50,000	50,000	40,958
<b>Total local equity securities</b>		<u>50,000</u>	<u>40,958</u>
<b>Fixed income securities</b>			
Barbados Port Inc.		136,364	134,250
<b>Total fixed income securities</b>		<u>136,364</u>	<u>134,250</u>
<b>Government of Barbados Debentures</b>			
Government of Barbados - Series D		369,850	253,199
<b>Total Government of Barbados Debentures</b>		<u>369,850</u>	<u>253,199</u>
<b>Total local investments</b>		<u>556,214</u>	<u>428,407</u>
<b>Foreign Investments</b>			
<b>Equity Securities</b>			
<b>Media</b>			
One Caribbean Media Ltd.	28,643	173,440	33,771
<b>Total foreign equity securities</b>		<u>173,440</u>	<u>33,771</u>
<b>Total Republic Property Fund investments</b>		<u>729,654</u>	<u>462,178</u>

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 6. Financial assets (continued)

		30-Sep 2021	
	No. of shares	Cost \$	Market Value \$
<b>Republic Property Fund (continued)</b>			
<b>Equity securities</b>			
<b>Unlisted</b>			
Southern Golf & Country Club Ltd.	50,000	50,000	44,056
<b>Total local equity securities</b>		<u>50,000</u>	<u>44,056</u>
<b>Fixed income securities</b>			
Barbados Port Inc.		150,000	146,836
<b>Total fixed income securities</b>		<u>150,000</u>	<u>146,836</u>
<b>Government of Barbados Debentures</b>			
Government of Barbados - Series D		369,850	247,836
<b>Total Government of Barbados Debentures</b>		<u>369,850</u>	<u>247,836</u>
<b>Total local investments</b>		<u>569,850</u>	<u>438,728</u>
<b>Foreign investments</b>			
<b>Equity securities</b>			
<b>Media</b>			
One Caribbean Media Ltd.	28,643	173,440	36,278
<b>Total foreign equity securities</b>		<u>173,440</u>	<u>36,278</u>
<b>Total Republic Property Fund investments</b>		<u>743,290</u>	<u>475,006</u>

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 7. Investment property

	Fair value hierarchy/ level	Cost \$	Fair value b/fwd \$	Fair value gains \$	Fair value c/fwd \$
2022	3	1,291,149	502,146	12,854	515,000
2021	3	1,291,149	468,686	33,460	502,146

During the year the investment property was appraised by independent valuers at a special assumption value of \$515,000 (2021 – \$502,146). The Fund owns property located at I-26 Great Hill, Apes Hill, St. James, Barbados.

#### 8. Due to related company

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

	30-Sep 2022 \$	30-Sep 2021 \$
Republic Income Fund	19,985	34,061
Republic Capital Growth Fund	20,598	32,714
Republic Property Fund	4,324	6,863

#### 9. Share capital and redeemable fund shares

	No. of Shares	30-Sep 2022 \$	No. of Shares	30-Sep 2021 \$
<b>Authorized Common shares</b> 950 common shares of no par value				
<b>Issued Common Shares</b>				
Republic Income Fund	400	400	400	400
Republic Capital Growth Fund	400	400	400	400
Republic Property Fund	150	150	150	150

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

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 9. Share capital and redeemable fund shares (continued)

##### 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

Redeemable fund shares	No. of Shares	30-Sep 2022 \$	No. of Shares	30-Sep 2021 \$
<b>Republic Income Fund</b>				
Balance - beginning of the year	10,744,997	13,093,076	11,062,400	13,825,761
Issued during the year	41,149	51,041	39,388	49,932
Redeemed during the year	(1,309,852)	(1,612,666)	(356,791)	(451,712)
Net and total comprehensive income/(loss) for the year and net increase/(decrease) in net assets attributable to redeemable fund shareholders	-	335,970	-	(330,905)
<b>Balance - end of year</b>	<b>9,476,296</b>	<b>11,867,421</b>	<b>10,744,997</b>	<b>13,093,076</b>
<b>Republic Capital Growth Fund</b>				
Balance - beginning of the year	5,655,549	7,252,899	5,727,844	7,043,892
Issued during the year	53,719	73,229	68,715	86,155
Redeemed during the year	(635,532)	(859,248)	(141,010)	(180,666)
Net and total comprehensive income/(loss) for the year and net increase/(decrease) in net assets attributable to redeemable fund shareholders	-	329,007	-	303,518
<b>Balance - end of year</b>	<b>5,073,736</b>	<b>6,795,887</b>	<b>5,655,549</b>	<b>7,252,899</b>
<b>Republic Property Fund</b>				
Balance - beginning of the year	2,316,970	1,537,973	2,322,315	1,596,935
Redeemed during the year	(43,607)	(28,806)	(5,345)	(3,607)
Net and total comprehensive loss for the year and net decrease in net assets attributable to redeemable fund shareholders	-	(32,016)	-	(55,355)
<b>Balance - end of year</b>	<b>2,273,363</b>	<b>1,477,151</b>	<b>2,316,970</b>	<b>1,537,973</b>

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 9. Share capital and redeemable fund shares (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. On the advice of the Investment Manager, the Board of Directors of Republic Funds (Barbados) Incorporated at a meeting held on February 18, 2022, approved the removal of the suspension of subscriptions and the removal of the restriction on redemptions from the Republic Income Fund with immediate effect.

#### 10. 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 2022	No. of Shares 30-Sep 2021
<b>Republic Bank (Barbados) Limited</b>		
Class D - Republic Property Fund	<u>1,486,607</u>	<u>1,486,607</u>

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 11. Risk management

Financial assets of the Funds include cash, investment securities, 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:

##### 11.1 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 2022		30-Sep 2021	
	Interest Rates	Years to maturity	Interest Rates	Years to maturity
<b>Republic Income Fund</b>				
Government Series D Bond	1.50%	0 - 31	1.50%	0 - 32
Bonds	4.20% - 7.50%	3 - 13	4.20% - 7.50%	4 - 14
<b>Republic Capital Growth Fund</b>				
Government Series D Bond	1.50%	0 - 31	1.50%	0 - 32
<b>Republic Property Fund</b>				
Government Series D Bond	1.50%	0 - 31	1.50%	0 - 32
Bonds	4.20%	0 - 3	4.20%	0 - 4

##### 11.2 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 September 30, 2022  
(Expressed in Barbados dollars)

#### 11. Risk management (continued)

##### 11.3 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 2022		30-Sep 2021
Fair value \$	Effect of a 5% Decline \$	Fair value \$	Effect of a 5% Decline \$
<b>Republic Income Fund</b>			
<b>Equity securities:</b>			
Listed on Caribbean stock exchanges and markets	-	-	360,085 (18,004)
<b>Republic Capital Growth Fund</b>			
<b>Equity securities:</b>			
Listed on Caribbean stock exchanges and markets	3,824,800	(191,240)	3,747,590 (187,379)
Listed on International stock exchanges and markets	1,942,444	(97,122)	2,128,125 (106,406)
<b>Republic Property Fund</b>			
<b>Equity securities:</b>			
Listed on Caribbean stock exchanges and markets	33,771	(1,689)	36,278 (1,814)
Unlisted securities	40,958	(2,048)	44,056 (2,203)

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

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

**11. Risk management** (continued)**11.4 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 September 30, 2022  
(Expressed in Barbados dollars)

#### 11. Risk management (continued)

##### 11.4 Credit risk (continued)

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

	30-Sep 2022		30-Sep 2021	
	Gross maximum exposure \$	%	Gross maximum exposure \$	%
<b>Republic Income Fund</b>				
Cash at bank	554,427	5%	1,595,324	12%
Interest receivable	13,907	0%	26,611	0%
Fixed income securities	3,870,718	32%	3,859,435	30%
Government of Barbados Debentures	7,616,558	63%	7,455,237	58%
<b>Total</b>	<b>12,055,610</b>	<b>100%</b>	<b>12,936,607</b>	<b>100%</b>
<b>Republic Capital Growth Fund</b>				
Cash at bank	385,284	35%	616,472	43%
Interest receivable	1,186	0%	1,186	0%
Other receivables	50,838	5%	183,395	13%
Government of Barbados Debentures	649,715	60%	635,954	44%
<b>Total</b>	<b>1,087,023</b>	<b>100%</b>	<b>1,437,007</b>	<b>100%</b>
<b>Republic Property Fund</b>				
Cash at bank	512,896	37%	581,516	60%
Interest receivable	462	0%	2,051	0%
Fixed income securities	134,250	9%	146,836	15%
Government of Barbados Debentures	253,199	18%	247,836	25%
<b>Total</b>	<b>1,415,807</b>	<b>100%</b>	<b>978,239</b>	<b>100%</b>

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 11. Risk management (continued)

##### 11.4 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.

	<b>30-Sep 2022 \$</b>	30-Sep 2021 \$
Republic Income Fund	12,055,610	12,936,607
Republic Capital Growth Fund	1,087,023	1,437,007
Republic Property Fund	1,415,807	978,239

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 11. Risk management (continued)

##### 11.4 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 2022 \$	30-Sep 2021 \$
<b>Republic Income Fund</b>		
Government & Government Bodies	7,630,465	7,469,144
Financial Sector	554,427	1,595,324
Education	810,118	898,155
Transportation	1,074,000	1,187,384
Other Service	1,986,600	1,786,600
	<u>12,055,610</u>	<u>12,936,607</u>
	30-Sep 2022 \$	30-Sep 2021 \$
<b>Republic Capital Growth Fund</b>		
Government & Government Bodies	650,901	637,140
Financial Sector	385,284	616,472
Other Service	50,838	183,395
	<u>1,087,022</u>	<u>1,437,007</u>
	30-Sep 2022 \$	30-Sep 2021 \$
<b>Republic Property Fund</b>		
Government & Government Bodies	253,661	248,299
Financial Sector	512,896	581,516
Transportation	134,250	148,424
	<u>900,807</u>	<u>978,239</u>

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

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

**11. Risk management** (continued)**11.5 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 September 30, 2022 and 2021, all financial liabilities are payable within one year or on demand.

**12. 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 September 30, 2022  
(Expressed in Barbados dollars)

#### 13. 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.

Where the Funds' investments are not actively traded in organised financial markets, the fair value is determined using discounted cash flow analysis, which requires considerable judgement in interpreting market data and developing estimates. Accordingly, estimates contained herein are not necessarily indicative of the amounts that the Fund 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 at the dates presented. Management is not aware of any factors that would significantly affect the estimated fair value amounts.

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 13. Determination of fair value and fair value hierarchies (continued)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Republic Income Fund</b>				
<b>For the year ended September 30, 2022</b>				
Fixed income securities	-	<b>3,870,718</b>	-	<b>3,870,718</b>
Government of Barbados Debentures	-	-	<b>7,616,558</b>	<b>7,616,558</b>
	<u>-</u>	<u><b>3,870,718</b></u>	<u><b>7,616,558</b></u>	<u><b>11,487,276</b></u>
As at 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>
<b>Republic Capital Growth Fund</b>				
<b>For the year ended September 30, 2022</b>				
Government of Barbados Debentures	-	-	<b>649,715</b>	<b>649,715</b>
Equity securities	<b>5,767,244</b>	-	-	<b>5,767,244</b>
	<u><b>5,767,244</b></u>	<u>-</u>	<u><b>649,715</b></u>	<u><b>6,416,959</b></u>
As at 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>

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 13. Determination of fair value and fair value hierarchies (continued)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Republic Property Fund</b>				
<b>For the year ended September 30, 2022</b>				
Fixed income securities	-	134,250	-	134,250
Government of Barbados Debentures	-	-	253,199	253,199
Equity securities	33,771	-	40,958	74,729
Investment property	-	-	515,000	515,000
	<u>33,771</u>	<u>134,250</u>	<u>809,158</u>	<u>977,178</u>
<b>As at September 30, 2021</b>				
Fixed income securities	-	146,836	-	146,836
Government of Barbados Debentures	-	-	247,836	247,836
Equity securities	36,278	-	44,056	80,334
Investment property	-	-	502,146	502,146
	<u>36,278</u>	<u>146,836</u>	<u>794,038</u>	<u>977,152</u>

## Republic Funds (Barbados) Inc.

### Notes to the Financial Statements

For the year ended September 30, 2022  
(Expressed in Barbados dollars)

#### 13. Determination of fair value and fair value hierarchies (continued)

##### 13.1 Transfers between Level 1 and 2

For the year ended September 30, 2022, no assets were transferred between Level 1 and Level 2.

##### 13.2 Transfers between Level 2 and 3

For the year ended September 30, 2022, 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 Unrealised Gain \$	Balance at end of year \$
<b>Republic Income Fund</b>			
<b>Financial assets measured at fair value</b>			
Government of Barbados Debentures	7,455,237	161,321	7,616,558
<b>Republic Capital Growth Fund</b>			
<b>Financial assets measured at fair value</b>			
Government of Barbados Debentures	635,954	13,761	649,715
<b>Republic Property Fund</b>			
<b>Financial assets measured at fair value</b>			
Government of Barbados Debentures	247,836	5,363	253,199
Investment property	502,146	12,854	515,000

#### 14. Subsequent Event

The Directors of Republic Bank (Barbados) Limited entered into an agreement with Victoria Mutual Fund Investment Limited (VMIL) on November 5, 2021, for the sale of its subsidiary Republic Funds (Barbados) Incorporated, subject to the necessary approvals. As at the reporting date, the Directors are still awaiting the completion of regulatory approvals.



**Republic Funds (Barbados) Inc.**