



**NATIONAL INVESTMENT FUND**  
HOLDING COMPANY LIMITED

**ADMINISTRATIVE REPORT  
DECEMBER 2019**

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# TABLE OF CONTENTS

Core Business and Medium Term Framework .....	3
Organizational Structure .....	4
Performance/ Accomplishments .....	5
Administrative Operations .....	6
Financial Operations .....	6
<b>FINANCIAL STATEMENTS</b>	
Interim Statement of Financial Position .....	7
Interim Statement of Comprehensive Income .....	8
Interim Statement of Changes in Equity .....	9
Interim Statement of Cash Flows .....	10
Notes to Financial Statements .....	11-30
<b>INDEPENDENT AUDITOR'S REPORT</b>	
Auditor's Report .....	31-33
Status of Statutory Reporting .....	34
Conclusion .....	34
Appendix A .....	35-39

## 1.0 Core Business and Medium Term Framework Business

The National Investment Fund Holding Company Limited (NIF) was incorporated in the Republic of Trinidad and Tobago on **May 29 2018** by the Corporation Sole for the purpose of holding and monetizing assets transferred by the Government of the Republic of Trinidad and Tobago (GORTT).

In **July 2018**, equity shares in five (5) companies with a total value of **\$7.941 billion** were transferred to NIF by the Ministry of Finance (Corporation Sole). As consideration for the financial assets transferred by the GORTT, the Company issued a share certificate in the name of the Corporation Sole in the amount of **\$3.941 billion** in addition to a loan note for **\$4.0 billion** with the Minister of Finance.

Assets initially transferred from GORTT were investments in Trinidad Generation Unlimited, Angostura Holding Limited, Republic Financial Holdings Limited, One Caribbean Media Limited and West Indian Tobacco Company Limited. All financial assets were transferred to the Company on **July 6 2018** at fair market value with the exception of Trinidad Generation Unlimited which was based on an independent valuation as at 31 July 2017.

Company	No. of Shares	Value of Shares TT\$'000	% of NIF shareholding	% of NIF Portfolio
Angostura Holdings Limited	61,677,011	972,030	29.9	12%
One Caribbean Media Limited	15,285,917	185,112	23	2%
Republic Bank Holdings Limited	42,475,362	4,404,270	26.1	55%
West Indian Tobacco Company Limited	4,548,712	402,288	5.4	5%
Trinidad Generation Unlimited	189,400,000	2,025,000	100	25%
<b>Total</b>		<b>7,988,700</b>		<b>100%</b>

The Company issued coupon rate bonds in three series during the period July 12 to August 9, 2018:

Bonds	Value	Rate	Duration	Maturity Date
Series A	1.2 billion	4.5%	5 years	August 9, 2023
Series B	1.6 billion	5.7%	12 years	August 9, 2030
Series C	1.2 billion	6.6%	20 years	August 9, 2038

Proceeds of the bonds were utilized to repay the **\$4.0 billion** loan note to GORTT thereby contributing to GORTT's revenue stream without increasing its national debt. The **\$4.0 billion** generated through the monetization of the transferred assets in addition to facilitating the non-debt funding of the fiscal accounts in 2018 also assisted in the attainment of another government policy objective of increasing the participation of a wide cross-section of the citizens of Trinidad and Tobago in the capital market via the public offering.

## 2.0 Organizational Structure

### Corporate Structure

The current NIF's organizational structure comprises two (2) employees:

- Manager Finance & Accounting
- Executive Assistant

### Board of Directors

The members of the Board as at December 31, 2019 were:

Mr. Vishnu Dhanpaul	Chairman
Ms. Jennifer Lutchman	Director
Mr. Dexter Jaggernauth	Director
Ms. Nnika Watson	Director
Ms. Nadira Lyder	Director
Mr. Hayden Manzano	Director

All were first appointed to the Board effective May 29 2018 to serve until the close of the fourth Annual Meeting of the shareholders.

### BOARD COMMITTEES:

The Board established Committees to assist in exercising its authority and the terms of reference of the Committees and their composition, are listed below:

#### Audit Committee:

*Committee Members:* Ms. Jennifer Lutchman (Chairman), Mr. Hayden Manzano, Mr. Dexter Jaggernauth and Ms. Nnika Watson.

The purpose of the Audit Committee of the Board is to assist the Board in monitoring:

- the periodic financial reports and other financial information provided by the Company to the various regulatory agencies, the government and the public;
- the Company's established systems of internal controls regarding finance, accounting, financial reporting and financial compliance; and the Company's auditing, accounting and financial reporting processes generally; and
- the risk management, compliance and control activities of the NIF

#### Human Resource Committee

*Committee Members:* Mr. Dexter Jaggernauth (Chairman), Ms. Nadira Lyder and Mr. Hayden Manzano,

The purpose of the Human Resource Committee of the Board is to review, and make recommendations to the Board concerning:

- NIF's organizational structure;
- the recruiting of suitable permanent employees;
- aligning NIF's Human Resource Management strategy to its strategic objectives;
- NIF's Human Resources policies;
- the evaluation of management performance; and
- incentive-compensation plans.

**Tenders Committee:**

*Committee Members:* Mr. Hayden Manzano (Chairman), Mr. Dexter Jaggernauth and Ms. Nnika Watson.

The Committee makes recommendations and all decisions are taken to the entire Board of Directors for approval. The Tenders Committee shall, in accordance with the levels of authority:

- ensure that value for money, transparency and accountability are maintained at all times within the procurement process; and
- make recommendations to the Board of Directors on the acquisition of goods and services within its authority level.

**3.0 Performance/ Accomplishments**

The accomplishments described below cover the period January 01 2019 to December 31, 2019. The period under review focused on the following:

- (i) timely completion of the audited financial statements to December 31 2018, the 2018 Annual Report and the three interim financial statements as at March 31, June 30 and September 30 2019;
- (ii) the processing of the two semi-annual coupon payments in February and August;
- (iii) the recruitment of the permanent employees, namely the Manager Finance and Accounting and Executive Assistant; and
- (iv) the timely submission of all reporting requirements to the various regulatory and statutory bodies.

Strategic Objectives	Performance Measures / Indicators	Published Targets	Actual Achievement
Implementation of organizational structure	Recruitment agency contracted and Staff hired	Recruitment of staff by September 30 2019	Accountant* and Executive Assistant commenced duties on July 15 and September 9 2019 respectively
Monitoring of Financial Model	Monthly review of dividend inflows and timely action to correct variances	Payment of semi-annual coupons by February 9 and August 9 2019	Both coupon payments were paid when due
Timely statutory reporting	Reporting requirements submitted by due dates	No fines imposed; Submission by due dates	No fines imposed Submission by due dates
	Timely publication of Audited financial statements, 2018 Annual report & three interim reports	Publication by due dates	All reports were published by their due dates

\* Position subsequently re-designated Manager Finance and Accounting.

**Corporate Communications**

For the period, the NIF published its audited financial statements as at December 31 2018 its annual return 2018 and three (3) interim financial reports as at March 31, June 30 and September 30 2019 respectively.

#### **4.0 Administrative Operations**

During the period under review the National Investment Fund Holding Company Limited (NIF) contracted a recruiting agency to assist with the hiring of a General Manager, Accountant and Executive Assistant. on 3 year fixed term contracts. No suitable candidates were sourced for the General Manager and the Board of Directors agreed to defer the filling of the position in the short term.

#### **5.0 Financial Operations**

##### **Annual Budget**

NIF's Annual Budget operationalizes the activities and objectives set out in the Five year Medium Term Framework. The Annual Budget includes details of Operating Budget and Capital Budget, which identifies the company's expenditure plans for the upcoming financial year from January to December. NIF currently has no PSIP Budget.

The Five Year Medium Term Framework inclusive of the approved budget for the financial year ending December 31 2019 of **\$229.3 million** once approved by the Board of Directors was submitted to the Investments Division of the Ministry of Finance as well as the Trustees of the \$4.0 Billion bonds.

##### **Financial Results**

The audited financial statements as at December 31 2018. its annual return 2018 and three (3) interim financial reports as at March 31, June 30 and September 30 2019 respectively. were submitted to the Trinidad and Tobago Stock Exchange, the Trinidad and Tobago Securities and Exchange Commission, CariCRIS, the Trustee and the Investments Division of the Ministry of Finance within the required reporting timeframes. Condensed versions were also published in two daily newspapers and updated to the Company's website.

## Statement of Financial Position

	Notes	2019 '000	2018 '000
<b>Assets</b>			
<b>Non-current assets</b>			
Office equipment	4	19	-
<b>Financial assets</b>			
- Fair value through profit and loss	5	9,292,801	8,150,026
- Amortised cost	5	25,629	-
<b>Total non-current assets</b>		<b>9,318,449</b>	<b>8,150,026</b>
<b>Current assets</b>			
Other receivables		513	56
Cash and cash equivalents	6	210,173	159,825
<b>Total current assets</b>		<b>210,686</b>	<b>159,881</b>
<b>Total assets</b>		<b>\$9,529,135</b>	<b>\$8,309,907</b>
<b>Equity</b>			
Stated capital	7	3,940,967	3,940,967
Reserves	8	5,000	5,000
Retained earnings		1,494,651	272,827
<b>Total equity</b>		<b>5,440,618</b>	<b>4,218,794</b>
<b>Non-current liabilities</b>			
Bonds payable	10	3,964,394	3,959,934
Deferred government subvention	11b.	35,606	40,066
<b>Total non-current liabilities</b>		<b>4,000,000</b>	<b>4,000,000</b>
<b>Current liabilities</b>			
Other payables		256	28
Accrued bond interest		88,261	89,145
Deferred government subvention	11a.	-	1,940
<b>Total current liabilities</b>		<b>88,517</b>	<b>91,113</b>
<b>Total equity and liabilities</b>		<b>\$9,529,135</b>	<b>\$8,309,907</b>

## Statement of Comprehensive Income

		For the year ended December 31, 2019 '000	For the period from July 9, 2018 (date of commencement of operations) to December 31, 2018 '000
	Notes		
<b>Income</b>			
Dividend income	12	303,675	152,913
Interest income		1,002	-
Government subventions utilised	13	6,400	2,409
Net unrealised gains on financial assets at fair value through profit and loss	14	1,142,775	209,059
<b>Total income</b>		<b>1,453,852</b>	<b>364,381</b>
<b>Expenses</b>			
Operating expenses	15	(4,052)	(1,304)
Finance costs		(227,976)	(90,250)
<b>Total expenses</b>		<b>(232,028)</b>	<b>(91,554)</b>
<b>Net profit for the year / period</b>		<b>\$1,221,824</b>	<b>\$272,827</b>
<b>Total comprehensive income for the year / period</b>		<b>\$1,221,824</b>	<b>\$272,827</b>



**Statement of Change in Equity**

	<b>Stated Capital '000</b>	<b>Retained earnings '000</b>	<b>Reserves '000</b>	<b>Total '000</b>
<b>Year ended December 31, 2019:</b>				
Balance as at January 1, 2019	3,940,967	272,827	5,000	4,218,794
Total comprehensive income for the year	-	1,221,824	-	1,221,824
<b>Balance as at December 31, 2019</b>	<b>\$3,940,967</b>	<b>\$1,494,651</b>	<b>\$5,000</b>	<b>\$5,440,618</b>
<b>For the period from July 9, 2018 (date of commencement of operations) to December 31, 2018:</b>				
Issue of ordinary shares	3,940,967	-	-	3,940,967
Bond interest payment reserve	-	-	5,000	5,000
Total comprehensive income for the period	-	272,827	-	272,827
<b>Balance as at December 31, 2018</b>	<b>\$3,940,967</b>	<b>\$272,827</b>	<b>\$5,000</b>	<b>\$4,218,794</b>

## Statement of Cash Flows

	For the year ended December 31, 2019 '000	For the period from July 9, 2018 (date of commencement of operations) to December 31, 2018 '000
<b>Cash flows from operating activities</b>		
Net profit for the year / period	1,221,824	272,827
<i>Adjustments to reconcile net profit for the year / period to net cash used in operating activities:</i>		
Dividends income	(303,675)	(152,913)
Depreciation	3	-
Net unrealised gain on financial assets at fair value	(1,142,775)	(209,059)
<i>Changes in working capital:</i>		
Increase in other receivables	(457)	(56)
Increase in other payables	228	28
(Decrease) / increase in deferred government subventions	(1,940)	1,940
<b>Net cash used in operating activities</b>	<b>(226,792)</b>	<b>(87,233)</b>
<b>Cash flows from investing activities</b>		
Acquisition of financial assets at fair value through profit and loss	-	(7,940,967)
Acquisition of financial assets at amortised cost	(25,629)	-
Acquisition of office equipment	(22)	-
Dividend income received	303,675	152,913
<b>Net cash provided by / (used in) investing activities</b>	<b>278,024</b>	<b>(7,788,054)</b>
<b>Cash flows from financing activities</b>		
Issue of stated capital	-	3,940,967
Issue of bonds payable	4,460	3,959,934
(Decrease) / increase in deferred government subventions	(4,460)	40,066
(Decrease) / increase in accrued bond interest	(884)	89,145
Increase in reserves	-	5,000
<b>Net cash (used in) / provided by financing activities</b>	<b>(884)</b>	<b>8,035,112</b>
<b>Net increase in cash and cash equivalents</b>	<b>50,348</b>	<b>159,825</b>
<b>Cash and cash equivalents</b>		
Beginning of year / period	159,825	-
<b>End of year / period</b>	<b>\$210,173</b>	<b>\$159,825</b>

**Notes to the Financial Statements:**

**1. Description of the Company**

The National Investment Fund Holding Company Limited ("NIF" or "the Company") was incorporated in the Republic of Trinidad and Tobago on May 29, 2018. The registered office of the Company is Level 2, Eric Williams Financial Building, Independence Square, Port of Spain.

The Company is a holding company for the assets transferred from the Government of the Republic of Trinidad and Tobago ("GORTT") initially being investments in Trinidad Generation Unlimited, Angostura Holdings Limited, Republic Financial Holdings Limited, One Caribbean Media Limited and West Indian Tobacco Company Limited. All financial assets were transferred to the Company on July 6, 2018 at fair market value with the exception of Trinidad Generation Unlimited which was based on an independent valuation at July 31, 2017.

The Company owns 100% of the Trinidad Generation Unlimited ("TGU" or "the Subsidiary") whose registered office is located on the 3rd Floor, Colfire Building 128 Mulchan Seuchan Road, Chaguanas, Trinidad. TGU's principal activity is 'to engage in the acquisition, construction, ownership and operation, management and maintenance of power generation facilities'.

**2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

**2.1 Basis of preparation**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in thousands in Trinidad and Tobago dollars (rounded to the nearest thousand). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets.

Although TGU is a subsidiary of NIF, its financial statements were not consolidated with the Company in accordance with the requirements of IFRS 10 which states that a company classified as an investment entity shall not consolidate a subsidiary company and would measure the investment at fair value through the profit and loss.

**(a) Use of estimates**

The preparation of these financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may differ from those estimates. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

*(b) New standards, amendments and interpretations which are effective and have been adopted by the Company*

There were no new standards, amendments and interpretations which are effective and have been adopted by the Company.

*(c) Standards, amendments and interpretations issued which are effective after January 1, 2019, and have been early adopted by the Company*

The Company has not early adopted any new standards, interpretations or amendments.

*(d) Standards, amendments and interpretations issued which are effective and not relevant to the Company*

- (i) IFRS 16 'Leases' (effective for years beginning on or after January 1, 2019, with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied). New standard on leases, superseding IAS 17, Leases, and related interpretations.
- (ii) IFRIC 23 - Uncertainty over Income Tax Treatments (Effective January 1, 2019). The interpretation addresses the determination of taxable profits (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12. It specifically considers:
  - Whether tax treatments should be considered collectively
  - Assumptions for taxation authorities' examinations
  - The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
  - The effect of changes in facts and circumstances
- (iii) Prepayment Features with Negative Compensation (Amendments to IFRS 9)  
Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.
- (iv) IAS 28 'Investments in associates and joint ventures' - Amended to clarify the use of the election allowing venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit and loss.

*(e) Standards, amendments and interpretations issued which are not yet effective and not relevant to the Company*

- (i) IFRS 17 'Insurance Contracts' (effective for years beginning on or after January 1, 2021). New standard on accounting for insurance contracts, replacing IFRS 4, Insurance Contracts.

## 2.2 Foreign currency

### (a) *Functional and presentational currency*

The accounting records, as well as the financial statements of the Company, are maintained in Trinidad and Tobago ("TT") dollars. TT dollar is the functional and reporting currency of the Company. Management considers the TT dollar to be the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses arising from the translation of financial assets and liabilities are included in the statement of comprehensive income.

## 2.3 Financial assets and financial liabilities

The Company's financial assets and liabilities are recognised in the statement of financial position when it becomes a party to the contractual obligation of the instrument.

### (i) *Financial assets*

The Company has adopted IFRS 9, effective January 1, 2018, and classifies its financial assets based on the following business models:

- hold to collect - under this model the objective is to hold financial assets to collect contractual cash flows until maturity;
- hold to collect and sell - under this model the objective is to both collect contractual cash flows and sell the financial asset;
- held for trading - these business models are those that do not meet the criteria under the hold to collect and the hold to collect and sell models.

Based on the Company's business model, financial assets are classified into the following categories:

#### - *Amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not recognised at fair value through profit and loss ("FVPL") are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in Note 2.3 (i). Interest income from these financial assets is included in "interest income" on the statement of comprehensive income using the effective interest rate method. The Company classifies its debt instruments, cash and cash equivalents and other receivables except prepayments as financial instruments at amortised cost.

#### - *Fair value through other comprehensive income ("FVOCI")*

Assets that are held for collection of contractual cash flows and for selling the assets, where the asset cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured

at FVOCI. Movements in the carrying amounts are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss and recognised in "interest income" on the statement of comprehensive income. The interest income from these financial assets is included in "interest income" using the effective interest rate method. As at December 31, 2019 and 2018 the Company did not hold any FVOCI.

- *Fair value through profit and loss ("FVPL")*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit and loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit and loss and is not part of a hedging relationship is recognised in profit and loss and presented in the statement of comprehensive income within realised gain or loss on sale of investments in which it is paid, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented in "interest income". Interest income from these financial assets is included in "interest income" using the effective interest rate method. The Company classifies its equity instruments as financial instruments at FVPL.

### ***Equity instruments***

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. The Company subsequently measures all equity investments at fair value through profit and loss.

Dividends earned on equity instruments are recognized in the profit and loss when the Company's right to receive payments is established.

Gain and losses on equity investments classified as FVPL are included in the statement of comprehensive income.

*The Company's investment in equity instruments are further classified as:*

*a) Investments in Associates*

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control. IAS 28 - Investments in Associates and Joint Ventures states that where an entity holds 20% or more of the voting power in an investee, it will be presumed that the investor has significant influence unless it can be clearly demonstrated that this is not the case.

The Company has more than 20% shareholding in three companies - Republic Financial Holdings Limited, One Caribbean Media Limited and

Angostura Holdings Limited and thus classified these companies as Associates in accordance with IAS 28. Associates are usually accounted for using the equity method of accounting, however the Company has elected to adopt the exception under IAS 28 and has valued these financial assets at fair value.

All said financial assets are listed securities with the Trinidad and Tobago Stock Exchange.

*b) Investment in Subsidiary*

The Company meets the definition of an investment entity under IFRS 10 hence the results of its Subsidiary are not consolidated.

An investment entity refers to an entity whose business purpose is to invest funds obtained from investors solely for returns from capital appreciation, investment income or both. An investment entity must evaluate the performance of its investments on a fair value basis.

*c) Other equity investment*

The investment in West Indian Tobacco Company Limited is a minority investment and is a listed securities with the Trinidad and Tobago Stock Exchange.

***Debt instruments***

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

- (i)* The cash flow characteristics of the asset, and
- (ii)* The Company's business model for managing the asset

***Company's business model***

The business model reflects how the Company manages the assets in order to generate cash flows. An assessment is made at a portfolio level and includes an analysis of factors such as:

- the stated objective and policies of the portfolio and the operation of those in practice. More specifically whether the Company's objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows from the sale of assets;
- past experience on how the cash flows for these assets were collected;
- determination of performance targets for the portfolio, how evaluated and reported to key management personnel;
- management identification of and response to various risks, which includes but not limited to liquidity risk, market risk credit risk and interest rate risk;
- how managers are compensated e.g. if compensation is based on the fair value of assets managed or contractual cash flows collected.

Arising out of the assessment, the portfolio was deemed to have the business model identified as "hold to collect"

The Company reclassifies debt instruments when, and only when, its business model for managing those assets changes. The classification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

*Solely payments of principal and interest (SPPI)*

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether flows represent solely payment of principal and interest (SPPI test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit and loss.

*Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at cost.

*Other receivables excluding prepayments*

This amount represents accrued interest income for investments held in the sinking fund account and payments made as a result of 'billed in advance' services during the financial year, that does not exceed twelve (12) months.

**Recognition/de-recognition of financial assets**

All purchases and sales of financial assets are recognised on the trade date- the date on which the Company commits to purchase or sell the financial asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Company has transferred substantially all risks and rewards of ownership.

**Impairment**

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.



*(ii) Financial liabilities*

Financial liabilities are classified and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities include bonds payable, other payables and accrued bond interest. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished (that is, when the obligation specified in the contract is discharged, cancelled or expired).

**Other payable and accrued bond interest**

Accruals represent amounts recognised in the statement of financial position and statement of comprehensive income in relation to services rendered to the end of the reporting period or expected services to the end of the reporting period not yet settled.

Accruals are normally settled within a period of 30-days with the exception of bond interest payable which is payable bi-annually on February 9 and August 9.

**Bonds payable**

Bonds payable represents the principal amount due to the investors of bonds issued by the Company.

*(iii) Determination of fair value*

For financial instruments traded in an active market, the determination of fair values of financial assets and liabilities is based on quoted market prices or dealer price quotations.

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 these prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

Indicators that a market is inactive are when there is a wide bid-offer spread or a significant increase in the bid-offer spread or there are few recent transactions. For all other financial instruments, fair value is determined using valuation techniques. In these techniques fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques using input existing at year-end.

The Company uses an independent expert valuator to value financial instruments that are not traded or traded on an inactive market. Some of the inputs of this model may not be market observable and are therefore based on assumptions.

## 2.4 Office equipment

Items of office equipment are measured at cost, net of accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

When parts of the items of office equipment have different useful lives, they are accounted for as separate items of office equipment.

The gain or loss on disposal of office equipment is determined by comparing the proceeds from disposal with the carrying amount of the office equipment, and is recognized net within other income/other expenses in the statement of comprehensive income. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to accumulated fund.

The cost of replacing a component of an item of office equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of office equipment are recognized in the statement of comprehensive income as incurred.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each component of office equipment as follows:

	Rate
Furniture, fixtures and fittings	20%
Computer hardware and software	33.33%

## 2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured as the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

(i) Dividend income

Dividend income is recognised when the right to receive payment is established.

(ii) Interest income

Interest income is recognized in the statement of comprehensive income for all interest-bearing instruments on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the investment security.

(iii) **Government subventions**

Government subventions received by the Company to treat with recurrent expenditure and bond issuance cost are recognised as income in the statement of comprehensive income on a systematic basis, proportionate to amounts the subventions are intended to compensate.

The government subvention relating to future periods is reported in the statement of financial position as deferred government subvention.

(iv) **Net unrealised gains on financial assets at fair value through profit and loss**

Financial assets are measured at fair value and the net fair value gains and losses are assessed on a monthly basis and charged to the statement of comprehensive income.

**2.6 Deferred government subventions**

Deferred government subventions represent unused subvention funds as previously advanced by the government to the Company.

The subventions were initially recognised in the statement of financial position at the transaction date cost and subsequently measured net of utilisation of amounts by the Company.

**2.7 Stated Capital**

The stated capital of the Company is categorized within equity and is recognised at fair value of the amount received.

**2.8 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

**2.9 Expenses**

Expenses are accounted for on the accrual basis.

**2.10 Taxation**

The Company is exempt from Corporation Tax in accordance with the Corporation Tax (Amendment) Act No. 11 of 2018 which was assented to on July 10, 2018.

**3. Critical accounting estimates and judgements in applying accounting principles**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) *Financial assets at fair value through profit and loss*

Determination of fair value is discussed at Note 2.3 (iii)

(ii) *Measurement and treatment of the expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses), refer to Note 5.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for significant increase in credit risk;
- choosing appropriate models and assumptions for the measurement of ECL;
- establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL; and
- establishing groups of similar financial assets for the purpose of measuring ECL.

4. Office equipment

	Furniture, fixtures and fittings '000	Computer Hardware '000	Total '000
<i>Year ended December 31, 2019</i>			
<b>Cost</b>			
Additions	7	15	22
<b>As at December 31, 2019</b>	<b>7</b>	<b>15</b>	<b>22</b>
<b>Accumulated depreciation</b>			
Charge for the year	(1)	(2)	(3)
<b>As at December 31, 2019</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
<b>Net book value</b>			
<b>As at December 31, 2019</b>	<b>\$6</b>	<b>\$13</b>	<b>\$19</b>

5. Financial assets

a. *Financial assets at fair value through profit and loss*

In July 2018, equity shares in five (5) companies with a total value of \$7.941 billion were transferred to the Company by the Ministry of Finance (Corporation Sole). As consideration for the financial assets transferred by the GORTT, the Company issued a share certificate in the name of the Corporation Sole in the amount of \$3.941 billion in addition to a loan note for \$4 billion which was subsequently settled during 2018.

During the year ended December 31, 2019, an unrealised fair value gain of \$1,142,775 (for the period from July 9, 2018 (date of commencement of operations) to December 31, 2018: \$209,059) was recognised on the statement of comprehensive income, bringing the accumulated unrealised fair value gain to \$1,351,834 (2018: 209,059) and total value of the FVPL to \$9,292,801 (2018: \$8,150,026) at the year ended December 31, 2019.

Balance at December 31,	No. of Shares	Share Price	2019 '000	2018 '000
<b>Investment in associates:</b>				
Angostura Holdings Limited	61,677,011	\$16.20	999,168	978,197
One Caribbean Media Limited	15,285,917	\$8.50	129,930	157,292
Republic Financial Holdings Limited	42,475,362	\$131.22	5,573,617	4,555,907
<b>Investment in subsidiary:</b>				
Trinidad Generation Unlimited	189,400,000		2,025,000	2,025,000
<b>Other equity investments:</b>				
West Indian Tobacco Company Limited	13,646,136	\$41.41	565,086	433,630
			<u>\$9,292,801</u>	<u>\$8,150,026</u>

Movement during the year/period	2019 '000	2018 '000
Balance at the beginning of year/period	8,150,026	-
Additions of investments at FVPL	-	7,940,967
Net unrealised gains on financial assets at fair value	1,142,775	209,059
<b>Balance at the end of year/period</b>	<u><b>\$9,292,801</b></u>	<u><b>\$8,150,026</b></u>

*b. Financial assets at amortised cost*

The investment at amortised cost represent non-current provisions to the sinking fund to cater for principal repayments on the bonds in 2023, 2030 and 2038.

Balance at December 31,	2019 '000	2018 '000
Government debt securities	24,620	-
Corporate debt securities	1,009	-
<b>Balance at the end of year/period</b>	<u><b>\$25,629</b></u>	<u><b>\$ -</b></u>
<b>Movement during the year/period</b>		
Additions of investment at amortised cost	25,629	-
Net movement in provision of ECL	-	-
<b>Balance at the end of year</b>	<u><b>\$25,629</b></u>	<u><b>\$ -</b></u>

	2019 '000	2018 '000
<b>6. Cash and cash equivalents</b>		
Bank current account	159,633	159,825
Mutual funds	14,106	-
Short term bonds	31,328	-
Short term deposits	5,106	-
	<u>\$210,173</u>	<u>\$159,825</u>

The above balances include \$50.5M allocated to the sinking fund to meet the principal repayment on the bonds in 2023, 2030 and 2038.

	2019 '000	2018 '000
<b>7. Stated Capital</b>		
Authorised:		
An unlimited number of ordinary shares of no par value		
Issued and fully paid:		
1 ordinary share of no par value	<u>\$3,940,967</u>	<u>\$3,940,967</u>
	2019	2018
<b>8. Reserves</b>	'000	'000
Bond interest payment reserve	<u>\$5,000</u>	<u>\$5,000</u>

This amount represents funding received from the Ministry of Finance as a contingency for any shortfall in the Company's revenues due to adverse variances in forecasted revenue that may impact the Company's ability to meet interest payments.

#### 9. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Related parties include persons or a close member of that person's family, who has control, joint control, or significant influence over the Company, including members of the key management personnel; any subsidiary or associated companies.

A number of transactions are entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and conditions.

*The following table represents transactions with related parties:*

	2019 '000	2018 '000
<b>Income from associates</b>		
Dividend income	282,569	142,405
Director fees	(462)	(273)
<b>Net impact on the Statement of Comprehensive income</b>	<u>\$282,107</u>	<u>\$142,132</u>

The following table represents balances with related parties:

	2019 '000	2018 '000
<b>Financial assets</b>		
Investments in associate	6,702,715	5,391,396
Investment in subsidiary	2,025,000	2,025,000
	<u>\$8,727,715</u>	<u>\$7,416,396</u>

#### 10. Bonds payable

The Company issued coupon rate bonds in three series during the period July 12, 2018 to August 9, 2018; these bonds have continued being actively traded on the corporate bond market. During the financial year 2019, no new bonds were issued by the Company.

The three (3) series NIF Bonds include:

Bonds	Value	Rate	Duration	Maturity Date
Series A	1.2 billion	4.5%	5 years	August 9, 2023
Series B	1.6 billion	5.7%	12 years	August 9, 2030
Series C	1.2 billion	6.6%	20 years	August 9, 2038

	2019 '000	2018 '000
Bonds in Series A, B and C	4,000,000	4,000,000
Amortised bond issuance cost	(35,606)	(40,066)
	<u>\$3,964,394</u>	<u>\$3,959,934</u>

#### 11. Deferred government subventions

- This balance represents unused government subventions received from the Ministry of Finance for establishment expenses.
- This balance represents unused government subventions received by the Company to cover the costs relating to the issuance of bonds. During the year ended December 31, 2019 the Company did not receive any government subventions (for the period from July 9, 2018 (date of commencement of operations) to December 31, 2018: \$41.171 million).

	Deferred government subventions (a.)		Deferred government subventions (b.)	
	2019 '000	2018 '000	2019 '000	2018 '000
Balance at start	1,940	-	40,066	-
Government subventions received	-	3,243	-	41,171
Allocated to the statement of comprehensive income	(1,940)	(1,303)	(4,460)	(1,105)
Balance at end	<u>\$-</u>	<u>\$1,940</u>	<u>\$35,606</u>	<u>\$40,066</u>

	2019	2018
	'000	'000
<b>12. Dividend Income</b>		
Angostura Holdings Limited	14,803	5,551
One Caribbean Media Limited	9,171	3,057
Republic Financial Holdings Limited	191,139	133,797
West Indian Tobacco Company Limited	21,106	10,508
Trinidad Generation Unlimited	67,456	-
	<u>\$303,675</u>	<u>\$152,913</u>

	2019	2018
	'000	'000
<b>13. Government subventions utilised</b>		
Government subventions for bond issuance costs	4,460	1,105
Government subventions for the establishment expenses	1,940	1,304
	<u>\$6,400</u>	<u>\$2,409</u>

**14. Net unrealised gains on financial assets at fair value through profit and loss**

Net unrealised gains on financial assets at fair value through profit and loss were attributable to the upliftment in market values during the year ended December 31, 2019 (for the period from July 9, 2018 (date of commencement of operations) to December 31, 2018).

	2019	2018
	'000	'000
<b>Equity investments</b>		
Angostura Holdings Limited	20,970	6,168
One Caribbean Media Limited	(27,362)	(26,139)
Republic Financial Holdings Limited	1,017,710	191,139
<b>Other equity Investments</b>		
West Indian Tobacco Company Limited	131,457	37,891
	<u>\$1,142,775</u>	<u>\$209,059</u>

	2019	2018
	'000	'000
<b>15. Operating Expenses</b>		
Administrative expenses	2,295	430
Green fund levy	913	458
Directors fee and expenses	519	279
Consulting & professional fees	325	137
	<u>\$4,052</u>	<u>\$1,304</u>



## 16. Financial risk management

The main risks arising from the Company's principal business activity are credit risk, interest rate risk, liquidity risk and market risk. The Company, as an investment entity, is exposed to these financial risks because its income is principally acquired through the receipt of dividends and interest from its financial assets.

### 16.1 *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk is mitigated to some extent by limiting exposure to a small number of credit counterparties. The Company also reduces this risk by prudent credit analysis of issuers to restrict questionable exposures in the Company.

The maximum exposure to credit risk as at December 31, 2019 were as follows:

	2019 '000	2018 '000
Cash and cash equivalents	210,173	159,825
Financial assets at amortised cost	25,629	-
Other receivables	513	56
	<u>\$ 236,315</u>	<u>\$ 159,881</u>

The Company, through its investment policy, constantly reviews its credit risk exposure to ensure that its credit risk is minimized.

### 16.2 *Market risk*

Market risk is the risk that changes in market prices, such as currency rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

#### *a. Currency risk*

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate due to changes in foreign exchange rates. The Company seeks to manage its exposure to foreign exchange risk by ensuring that, as far as possible, transactions entered into are denominated in Trinidad and Tobago dollars, the Company's functional currency. The Company still, however, holds a significant financial asset denominated in a foreign currency namely Trinidad Generation Unlimited ("TGU"), its investment in subsidiary, which is valued in United States Dollars.

As at December 31, 2019, the carrying amount of TGU at fair value through profit and loss would decrease by \$20.3 million if the currency rate used is

increased by 100 basis points from management's estimates (2018: \$20.3 million).

*b. Interest rate risk*

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow. The Company holds fixed interest debt securities hence is not exposed to fair value interest rate risk.

*c. Price rate risk*

The Company is exposed to price risk on its equity and debt securities. Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or issuer, or factors affecting all similar financial instruments traded in the market.

A 1% change in market prices will increase/decrease the carrying amount of the Company's financial assets by +/- \$93.2 million (2018: \$81.5 million).

### 16.3 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

a) Bond interest payments -

This refers to the Company's ability to meet financial obligation to its bond holders with respect to bi-annual interest payments which commenced on February 9, 2019 and ends on August 9, 2038.

The potential risk is managed through the provision of a reserve and the Company's investment policy to ascertain other viable short-term gains. An initial reserve of \$5.0 million was established as a buffer for unexpected shortfalls in projected dividends payments.

b) Bond principal payments -

The risk that the Company can become party to default in repaying its principal debt to bondholders in the years of repayment 2023, 2030 and 2038.

To minimize possibility of default on repayment of the principal amount, the Company established a sinking fund account whereby systematic amounts are deposited during the financial year.

The Company, also measures and forecasts its cash flow commitments and ensures that sufficient liquidity is available to meet its needs. The sinking fund account is governed by the Deed of Charge (Accounts) managed by First Citizens Trustee Services Limited.

The Company's exposure to liquidity risk is summarized in the table below which analyses assets and liabilities based on the remaining period from the reporting date to the contractual maturity date.

	Up to 1 year '000	1 to 5 years '000	Over 5 years '000	Total '000
<b>As at December 31, 2019</b>				
<i>Financial assets</i>				
Cash and cash equivalents	210,173	-	-	210,173
Other receivables	513	-	-	513
Fair value through profit and loss	-	-	9,292,801	9,292,801
Amortised cost	-	25,629	-	25,629
	<b>\$210,686</b>	<b>\$25,629</b>	<b>\$9,292,801</b>	<b>\$9,529,116</b>
<i>Financial liabilities</i>				
Other payables	256	-	-	256
Accrued bond interest	88,261	-	-	88,261
Bonds payable	-	1,200,000	2,800,000	4,000,000
	<b>\$88,517</b>	<b>\$1,200,000</b>	<b>\$2,800,000</b>	<b>\$4,088,517</b>

	Up to 1 year '000	1 to 5 years '000	Over 5 years '000	Total '000
<b>As at December 31, 2018</b>				
<i>Financial assets</i>				
Cash and cash equivalents	159,825	-	-	159,825
Other receivables	56	-	-	56
Fair value through profit and loss	-	-	8,150,026	8,150,026
	<b>\$159,881</b>	<b>\$-</b>	<b>\$8,150,026</b>	<b>\$8,309,907</b>
<i>Financial liabilities</i>				
Other payables	28	-	-	28
Accrued bond interest	89,145	-	-	89,145
Bonds payable	-	1,200,000	2,800,000	4,000,000
	<b>\$89,173</b>	<b>\$1,200,000</b>	<b>\$2,800,000</b>	<b>\$4,089,173</b>

## 16.4 Fair value of financial assets and liabilities

### (i) *Financial instruments not measured at fair value*

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Company's statement of financial position at their fair value.

	Carrying value December 31		Fair value December 31	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<i>Financial assets</i>				
Cash and cash equivalents	210,173	159,825	210,173	159,825
Other receivables	513	56	513	56
Amortised cost	25,629	-	-	-
<i>Financial liabilities</i>				
Other payables	256	28	256	28
Accrued bond interest	88,261	89,145	88,261	89,145
Deferred Government subvention	-	1,940	-	1,940
Bonds payable	3,964,394	3,959,934	3,964,394	3,959,934
Deferred government subvention	35,606	40,066	35,606	40,066

The fair values of the Company's financial instruments are determined in accordance with IFRS 13.

#### *Financial assets measured at amortised cost (hold to collect)*

Fair value for amortised cost assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using a discounted cash flow valuation methodology where all cash-flows of the instruments are discounted at an appropriate yield plus a credit spread where applicable. The fair value of the amortised cost portfolio is computed for disclosure purposes only.

### (ii) *Financial instruments where carrying value is equal to fair value*

Due to their liquidity and short-term maturity, the carrying values of certain financial instruments approximate their fair values. Financial instruments where carrying value is approximately equal to fair value include cash and cash equivalents and receivables.

#### *Due to related parties*

This amount represents the estimated fair value of the future expected cash flows to be paid to related parties.

#### *Other payables*

This amount represents the estimated fair value of the future expected cash flows to be paid.

(iii) *Fair value estimation*

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges;
- level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes debt instruments;
- level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The following table analyses within the fair value hierarchy the Company's assets as at December 31, 2019, and December 31, 2018:

As at December 31, 2019	Level 1 '000	Level 2 '000	Level 3 \$'000	Total '000
<b>Financial assets</b>				
Government debt securities	-	24,620	-	24,620
Corporate debt securities	-	1,009	-	1,009
Equity investments	6,702,715	-	-	6,702,715
Other equity investments	565,086	-	-	565,086
Investments in unconsolidated subsidiary	-	-	2,025,000	2,025,000
<b>Total financial assets</b>	<b>\$7,267,801</b>	<b>\$25,629</b>	<b>\$2,025,000</b>	<b>\$9,318,430</b>
<b>As at December 31, 2018</b>	<b>Level 1 '000</b>	<b>Level 2 '000</b>	<b>Level 3 '000</b>	<b>Total '000</b>
<b>Financial assets</b>				
Equity investments	5,691,396	-	-	5,691,396
Other equity investments	433,629	-	-	433,629
Investments in unconsolidated subsidiary	-	-	2,025,000	2,025,000
<b>Total financial assets</b>	<b>\$6,125,025</b>	<b>\$-</b>	<b>\$2,025,000</b>	<b>\$8,150,025</b>

**17. Subsequent events**

The Company evaluated all events that occurred from January 1, 2020, through 18<sup>th</sup> February, 2020, the date the financial statements were available to be issued. During the period, the Company did not have any subsequent events requiring recognition or disclosure in the financial statements.



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## Independent Auditor's Report

To the Shareholder of  
National Investment Fund Holding Company Limited

### Opinion

We have audited the financial statements of National Investment Fund Holding Company Limited, (the "Company") which comprise the statement of financial position as at December 31, 2019, the related statements of comprehensive income, changes in equity and cash flows for the year then ended and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### 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 Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") and we have fulfilled our 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### *Valuation of investment in Trinidad Generation Unlimited ("TGU")*

The Company's investment in TGU represents 22% of its financial assets and 21% of its total assets. As TGU is not traded publicly and in the absence of recent private trading activity in TGU shares, management has determined the fair value of the investment in TGU as at December 31, 2019 by reference to an external independent valuation previously carried out on TGU as at July 31, 2017. Given the significant measurement uncertainty involved in the valuation of this investment, the said valuation was significant to our audit.

We focused our work on reviewing the validity of the expert valuation report as at July 31, 2017 which was issued by the independent valuator on September 18, 2017. We corroborated the inputs used by the valuator in its income approach valuation model which projected TGU's discounted cash flows through to the 2056 financial year. We found that the actual operating results of TGU up to the 2019 financial year as well as the projected results through to the 2025 financial year were in accordance with or exceeded the cash flow forecasts used by the valuator in determining the future discounted cash flows.

The Company's disclosures about TGU are included in Note 1, 2 and 5 of the financial statements.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.



## **Independent Auditor's Report (continued)**

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)**

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

Those charged with governance are responsible for overseeing the Company'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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 Company'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 Company'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 Company 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





**Independent Auditor's Report (continued)**

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Riaz Ali.

**BDO**

February 18, 2020

Port of Spain,  
Trinidad, W.I.

## **Statutory Reporting**

The Status of Statutory reporting as at December 31 2019 to the various regulatory and governmental agencies is attached as Appendix A.

## **7.0 Conclusion**

The NIF is pleased to present this report on the nature of its operations over the period January 01 2019 to December 31 2019. As the report shows, the Company has made significant strides in its efforts to achieve its mandate and all established objectives were achieved.

**NIF REPORTING REQUIREMENTS 2018-2019**

Financial Year/Quarter Ended	Authorities/Companies	Requirement	Required Time for Filing/Due Date	Comments	Required actions	Action taken
	Registrar General Dept. Min. Legal Affairs	Notice of change in Directors	Within 30 days of change			
	Registrar General Dept. Min. Legal Affairs	Notice of Change in Registered Office	Within 30 days of change			
	TTSEC	Form 10: Material change Report	Notify within 3 working days of change			
	Registrar General Dept. Min. Legal Affairs	Notice of Secretary/ Change in Secretary	Within 30 days of change			
	Min of Finance Investment Division	Board Minutes	One week after approved by Board			All minutes as at the 11th Board meeting minutes submitted to Investments
	First Citizens Trustee Services	4 copies of notices given to all bondholders no later than date of publication				
Monthly payments	National Insurance Board	NIS	NIS paid monthly	To be paid monthly, 15 days after end of the month		Paid monthly
Quarterly reports and Dividend announcements	T&T Stock Exchange	Dividend Receivables Timetable OCM, TGU, WITCO-AHL, RFHL	Monthly	To notify board of any changes in performance/dividend payments		
Monthly payments	Min of Finance BIR	PAYE and H/S	PAVE paid Monthly for Board of Directors and Advisors (presently, H/S paid monthly for Accountant)	To be paid monthly, 15 days after end of the month		Paid monthly
December 31 2018	Trustee Services	Business plan including operation expenses	31st December 2018	Due on or before 1st January of each year	Deliver to FCB Trustee Services	NIF's approved medium term framework (Budget 2019-2023) submitted on 29-Jan-2019
December 31 2018	TTSEC	Revised Registration Statement (Form 8)	January 14 2019	to be submitted within 14 days of financial year end along with the fee of \$8000.	Form 8, \$8000 fee to be filed and Soft copies emailed to ttsec@ttsec.org.tt	Submitted 11-Jan-2019
2019	T&T Stock Exchange	Annual Listing Fees	January 31 2019	\$105,000 Listing fees to be paid by 31 January 2019		Paid on 10-Jan-2019
2019	T&T Stock Exchange	Trading Report Subscription Fees	January 31 2019	N/A	NIF did not subscribe for this services	N/A
2019	TTCD	Annual Membership Fees	January 31 2019	\$200,000 Paying Agent fees to be paid by 31 January 2019		Paid on 10-Jan-2019
	TTCD	Annual Participant Fees	January 31 2019	\$20,000 fee To be paid by 31 January 2019		Paid on 22-Jan-2019

Financial Year/Quarter Ended	Authorities/Companies	Requirement	Required Time for Filing/Due Date	Comments	Required actions	Action taken
December 31 2018	Investment Division and Liaison Ministry	Status of Loan/overdraft/Investments in Securities Portfolio and Litigations proceedings	January 31 2019	End of first month after quarter		Submitted to Investments Division on 10 January 2019
February 9 2019	TTSEC	Letter re Notice of semi-annual coupon payment	February 8 2019	Letter to be submitted before each payout date		Submitted 6 Feb-19
Year of Income 2018	Min of Finance BIR	TDA Certificates & Summary of Remuneration	February 28 2019	Summary of remuneration schedule is received in the mail		Delivered to All Directors on 15-02-2019
December 31 2018	CurCRIS	Audited Financial Statements	March 31 2019	within 90 days of end of financial period		Submitted 28-02-2019
December 31 2018	TTSEC	Audited Financial Statements	March 31 2019	within 90 days of end of financial period	1. Submit Form 11 and Financials 2. Email soft copies	Submitted on 28-02-2019
December 31 2018	T&T Stock Exchange	Audited Financial Statements	March 31 2019	within 90 days of end of financial period	1. Publish in 1 newspapers 2. Submit Shareholders listing and 2 Copies of Financial statement 3. Management discussion and analysis 4. Email soft copies to TTSEINFO@stockex.co.tt	Submitted on 28-02-2019
March 31 2019	Min of Finance BIR	Green Fund Levy	March 31 2019	To be paid quarterly (March/June/September/December)	N/A this month as NIF did not receive any dividends for this period	N/A
December 31 2018	First Citizens Trustee Services	Audited Financial Statements	March 31 2019	within 90 days of end of financial period	Send 2 copies of quarterly management accounts	Submitted on 28-02-2019
December 31 2018	TTSEC	Annual Report	April 30 2019	within 120 days of end of financial period	To be filed along with Form 11	Submitted electronically on 29-04-2019 and hard copy submitted 30-04-2019
December 31 2018	T&T Stock Exchange	Annual Report	April 30 2019	within 120 days of end of financial period	6 printed copies and 1 electronic copy emailed to ttsec@ttsec.org.tt	Submitted electronically on 29-04-2019 and hard copy submitted 30-04-2019
December 31 2018	Investment Division and Liaison Ministry	Annual Report	April 30 2019	4 Months after end of financial year		Submitted
December 31 2018	Trustee	Annual Report	April 30 2019	4 Months after end of financial year		Submitted
December 31 2018	CurCRIS	Annual Report	April 30 2019	4 Months after end of financial year		Submitted

APPENDIX A

Financial Year/Quarter Ended	Authorities/Companies	Requirement	Required Time for Filing/Due Date	Comments	Required actions	Action taken
December 31 2018	Investment Division and Line Ministry	Annual Performance Appraisal Report Appendix K	April 30 2019	Four (4) months after end of Financial Year		Submitted
December 31 2018	Investment Division and Line Ministry	NIF's Audited Financial Statements (2 originals and 20 copies) for the purpose of laying Parliament	April 30 2019	4 Months after end of financial year		Submitted
March 31 2019	Investment Division and Line Ministry	Status of Loan/overdraft/Investments in Securities Portfolio and Litigations proceedings	April 30 2019	End of first month after quarter		Submitted on 01-05-2019
Year of Income 2018	Min of Finance BIR	Corporation Tax Returns	April 30 2019	Company has 6 additional months to pay given the company has no outstanding taxes to pay (October 30)		
March 31 2019	T&T Stock Exchange	1st Quarter Financial Statements	May 15 2019	within 45 days of the end of financial period	1. Publish in 1 newspapers 2. Submit Shareholders listing and 2 Copies of Financial statement 3. Email soft copies to TTSEINFO@stockex.co.tt	Submitted on 14-5-2019
March 31 2019	First Citizens Trustee Services	1st Quarter Financial Statements	May 15 2019	Not later than 45 days after each quarter	Send 2 copies of quarterly management accounts	Submitted on 14-5-2019
March 31 2019	CurfCBIS	1st Quarter Financial Statements	May 15 2019	Not later than 45 days after each quarter	Send 2 copies of quarterly management accounts	Submitted on 14-5-2019
May 29 2019	Registrar General Dept. Min. Legal Affairs	Annual Returns	May 29 2019	within 30 days after incorporation date		Filed 3-July-2019
March 31 2019	TTSEC	1st Quarter Financial Statements	May 31 2019	within 60 days of the end of financial period	1. Publish in 2 newspapers 2. Submit Form 11 and Financials 3. Email soft copies	Submitted 17-5-2019
December 31 2018	Integrity Commission	Declaration of Income, Assets & Liabilities (Form A) & Statements of Registrable Interests (Form B) SENT BY INTEGRITY COMM. DIRECTORS SIGN FOR RECEIVING FORMS, COMPLETE AND RETURN FOR IC	May 31 2019	Directors are responsible for filing these forms. NIF is responsible for reminding Directors annually to file forms & distribute forms		All Directors confirmed filing forms
March 31 2019	Investment Division and Line Ministry	1st Quarter Financial Statements	May 31 2019	within 60 days of the end of financial period		Submitted on 15-5-2019

Financial Year/Quarter Ended	Authorities/Companies	Requirement	Required Time for Filing/Due Date	Comments	Required actions	Action taken
June 30 2019	Min of Finance BIR	Green Fund Levy	June 30 2019	To be paid quarterly (March /June /September /December)		Paid 27-6-2019
	Investment Division and Line Ministry	Administrative Reports Appendix G	June 30 2019	To be submitted by June 2019		Updated version Submitted on 10th July
June 30 2019	Investment Division and Line Ministry	Status of Loan/overdraft/Investments in Securities Portfolio and Litigations proceedings	July 31 2019	End of first month after quarter		Submitted on 10th and 25th July
August 9 2019	ITSEC	Letter re Notice of semi-annual coupon payment	August 8 2019	Letter to be submitted before each payout date		Submitted 8-Aug-19
	Intellectual Property Office	Trademark applications	12-Aug-19	9 month after application was submitted	Follow up on application made on 12-Nov-2019	( trademark refused)
June 30 2019	T&T Stock Exchange	2nd Quarter Financial Statements	August 14 2019	within 45 days of the end of financial period	1. Publish in 1 newspapers 2. Submit Shareholders listing and 2 Copies of Financial statement 3. Email soft copies to TTSEINFO@stockex.com	Submitted 8-Aug-19
June 30 2019	First Citizens Trustee Services	2nd Quarter Financial Statements	August 14 2019	Not later than 45 days after each quarter	Send 2 copies of quarterly management accounts	Submitted 8-Aug-19
June 30 2019	ITSEC	2nd Quarter Financial Statements	August 28 2019	within 60 days of the end of financial period	1. Publish in 2 newspapers 2. Submit Form 11 and Financials 3. Email soft copies	Submitted 8-Aug-19
June 30 2019	CarICRIS	2nd Quarter Financial Statements	August 28 2019	Not later than 45 days after each quarter	Send 2 copies of quarterly management accounts	Submitted 8-Aug-19
December 31 2018	Min of Finance Investment Division	TGU's Audited Financial Statements (120 copies) for the purpose of laying in Parliament	August 28 2019	Confirmed with Investment Division this requirement does not apply to NIF	N/A	N/A
December 31 2018	Min of Finance Investment Division	TGU's Annual Report	August 29 2019		N/A	N/A
9-Aug-19	CarICRIS	Debt Repayment confirmation	September 1-30, 2019	Month following coupon payment		Confirmed
September 30 2019	Min of Finance BIR	Green Fund Levy	September 30 2019	To be paid quarterly (March /June /September /December)		

APPENDIX A

Financial Year/Quarter Ended	Authorities/Companies	Requirement	Required Time for Filing/Due Date	Comments	Required actions	Action taken
September 30 2019	Investment Division and Line Ministry	Status of Loans/overdraft/Investments in Securities Portfolio and Litigations proceedings	October 31 2019	End of first month after quarter		Submitted 21-Sep-2019
September 30 2019	T&T Stock Exchange	3rd Quarter Financial Statements	November 14 2019	within 45 days of the end of financial period	1. Publish in 1 newspapers 2. Submit Shareholders listing and 2 Copies of Financial statement 3. Email soft copies to TTSEINFO@stockex.co.tt	Submitted 01-Nov-2019
September 30 2019	First Citizens Trustee Services	3rd Quarter Financial Statements	November 14 2019	Not later than 45 days after each quarter	Send 2 copies of quarterly management accounts	Submitted 01-Nov-2019
September 30 2019	TTSEC	3rd Quarter Financial Statements	November 28 2019	within 60 days of end of financial period	1. Publish in 2 newspapers 2. Submit Form 11 and Financials 3. Email soft copies	Submitted 01-Nov-2019
September 30 2019	CurCRIS	3rd Quarter Financial Statements	November 28 2019	within 60 days of end of financial period		Submitted 01-Nov-2019
December 31 2019	TTSEC	Revised Registration Statement (Form 8)	January 14 2020	to be submitted within 14 days of financial year end along with the fee of \$8000.	Form 8 along with all supporting docs. \$8000 fee to be filed and soft copies emailed to ttsec@ttsec.org.tt	
December 31 2019	Min of Finance BIR	Green Fund Levy	December 31 2019	To be paid quarterly (March /June /September /December)		
December 31 2019	Trustee Services	Business plan including operation expenses	December 31 2019	Due on or before 1st January of each year	Five year budget was submitted, confirm if this still applies	
December 31 2019	Investment Division and Line Ministry	Status of Loans/overdraft/Investments in Securities Portfolio and Litigations proceedings	January 31 2020	End of first month after quarter		
Year of Income 2019	Min of Finance BIR	TDA Certificates & Summary of Remuneration	February 28 2020	Summary of remuneration schedule is received in the mail		
December 31 2019	CurCRIS	Audited Financial Statements	March 31 2020	within 90 days of end of financial period		
December 31 2019	TTSEC	Audited Financial Statements	March 31 2020	within 90 days of end of financial period	1. Submit Form 11 and Financials 2. Email soft copies	
December 31 2019	T&T Stock Exchange	Audited Financial Statements	March 31 2020	within 90 days of end of financial period	1. Publish in 1 newspapers 2. Submit Shareholders listing and 2 Copies of Financial statement 3. Management discussion and analysis 4. Email soft copies to TTSEINFO@stockex.co.tt	
2023	Registrar General Dept. Min. Legal Affairs	Debt Satisfaction for Series A				

