

National Investment Fund Holding Company Limited

Audited Financial Statements

For the year ended December 31, 2021

(Expressed in Trinidad and Tobago Dollars)

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Audited Financial Statements

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(Expressed in Trinidad and Tobago Dollars)

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NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Statement of Management's Responsibilities Year ended December 31, 2021

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of National Investment Fund Holding Company Limited, (the "Company") which comprise the statement of financial position as at December 31, 2021, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures the security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

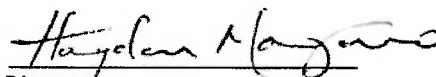
In preparing these audited financial statements, Management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where the International Financial Reporting Standards presented alternative accounting treatments, Management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of Management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Director
March 7, 2022



Director
March 7, 2022



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Trinidad and Tobago

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, 2021, 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, 2021, 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.

Carrying amount of financial assets

The Company's investment portfolio consists of a 100% ownership of Trinidad Generation Unlimited ("TGU" or "the Entity"), multiple listed investments and debt securities as listed in Note 5 of these financial statements. The investment portfolio makes up 98% of total assets (by value) and is considered to be the key driver of operations and performance results.

The valuation of the investment in TGU as at December 31, 2021 is based on an independent valuation as stated in Note 5 of these financial statements. We therefore considered this investment to be at risk of significant misstatement, or to be subject to a significant level of judgement. As a result, the valuation of this investment was significant to our audit.

We have involved our valuation, financial instruments and tax specialists in addressing this matter and our audit procedures included but were not limited to:

- obtaining a copy of the TGU valuation report and agreeing the value derived to the value stated in these financial statements with consideration to prevailing exchange rates;
- reviewing the experience, qualifications, and reputation of the independent valuator to ensure fit for purpose;
- reviewing the appropriateness of the valuation methodology used by the independent valuator;



Independent Auditor's Report (continued)

Key Audit Matters (continued)

Carrying amount of financial assets (continued)

- liaising with the management of TGU to gather details of the Entity's historical audited financial results, future financial projections and related assumptions surrounding future projections and ensuring that such information was accurately included in the valuation analysis and calculations;
- engaging in discussions with management at TGU to understand the basis for the assumptions made in relation to future projections to ensure reasonableness.

We found that the assumptions and resulting estimates to be balanced and found no errors in calculations.

We do not consider listed investments and debt securities to be at high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise quoted investments that are highly marketable. However, due to their materiality in the context of the financial statements as a whole, they are considered to be an area which had a significant effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Our procedures over the existence, completeness and valuation of the Company's portfolio of listed investments and debt securities included, but were not limited to:

- documenting and assessing the processes and controls in place to record investment transactions and to value the portfolio;
- agreeing the valuation of 100% of listed investments and debt securities to externally quoted prices; and
- agreeing 100% of the listed investment and debt security holdings to independently received third party confirmations.

We found no valuation or existence differences from the above audit procedures.

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. 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.



Independent Auditor's Report (continued)

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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.

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.

The logo for BDO, consisting of the letters 'BDO' in a stylized, blue, cursive font.

March 7, 2022

*Port of Spain,
Trinidad, W.I.*

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Statement of Financial Position


As at December 31, 2021

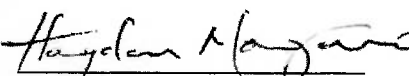
(Expressed in Trinidad and Tobago Dollars)

	Notes	2021 '000	2020 '000
Assets			
Non-current assets			
Office equipment	4	6	12
Financial assets			
- Fair value through profit or loss	5	9,757,672	9,327,309
- Amortised cost	5	111,205	96,194
Total non-current assets		9,868,883	9,423,515
Current assets			
Other receivables		1,072	1,886
Cash and cash equivalents	6	180,245	135,316
Total current assets		181,317	137,202
Total assets		\$10,050,200	\$9,560,717
Equity			
Stated capital	7	3,940,967	3,940,967
Reserves	8	5,000	5,000
Retained earnings		2,016,464	1,526,823
Total equity		5,962,431	5,472,790
Non-current liabilities			
Bonds payable	10	3,973,314	3,968,854
Deferred government subventions	11	26,686	31,146
Total non-current liabilities		4,000,000	4,000,000
Current liabilities			
Other payables		679	341
Accrued bond interest		87,090	87,586
Total current liabilities		87,769	87,927
Total equity and liabilities		\$10,050,200	\$9,560,717

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

On March 7, 2022, the Board of Directors of National Investment Fund Holding Company Limited authorized these financial statements for issue.


Director


Director

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Statement of Comprehensive Income

For the year ended December 31, 2021

(Expressed in Trinidad and Tobago Dollars)

	Notes	2021 '000	2020 '000
Income			
Dividend income	12	285,348	222,772
Interest income		3,266	2,695
Government subventions utilised	13	4,460	4,460
Net unrealised gains on financial assets at fair value through profit or loss	14	430,363	34,508
Total income		723,437	264,435
Expenses			
Operating expenses	15	(5,431)	(4,077)
Finance costs		(228,365)	(228,186)
Total expenses		(233,796)	(232,263)
Total comprehensive income for the year		\$489,641	\$32,172

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

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Statement of Changes in Equity

For the year ended December 31, 2021

(Expressed in Trinidad and Tobago Dollars)

	Stated Capital '000	Retained earnings '000	Reserves '000	Total '000
Year ended December 31, 2021:				
Balance as at January 1, 2021	3,940,967	1,526,823	5,000	5,472,790
Total comprehensive income for the year	-	489,641	-	489,641
Balance as at December 31, 2021	\$3,940,967	\$2,016,464	\$5,000	\$5,962,431
Year ended December 31, 2020:				
Balance as at January 1, 2020	3,940,967	1,494,651	5,000	5,440,618
Total comprehensive income for the year	-	32,172	-	32,172
Balance as at December 31, 2020	\$3,940,967	\$1,526,823	\$5,000	\$5,472,790

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

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Statement of Cash Flows

For the year ended December 31, 2021

(Expressed in Trinidad and Tobago Dollars)

	2021 '000	2020 '000
Cash flows from operating activities		
Total comprehensive income for the year	489,641	32,172
<i>Adjustments to reconcile net profit for the year to net cash used in operating activities:</i>		
Depreciation of office equipment	6	7
Net unrealised gain on financial assets at fair value through profit or loss	(430,363)	(34,508)
Bond interest recognised at amortised cost	223,904	223,725
<i>Changes in working capital:</i>		
Decrease / (increase) in other receivables	814	(1,373)
Increase in other payables	338	85
Net cash from operating activities	284,340	220,108
Cash flows from investing activities		
Net additions to financial assets at amortised cost	(15,011)	(39,237)
Net cash used in investing activities	(15,011)	(39,237)
Cash flows from financing activities		
Bond interest paid	(224,400)	(224,400)
Net cash used in financing activities	(224,400)	(224,400)
Net increase/ (decrease) in cash and cash equivalents	44,929	(43,529)
Cash and cash equivalents		
Beginning of year	135,316	178,845
End of year	\$180,245	\$135,316

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

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements

For the year ended December 31, 2021

(Expressed in Trinidad and Tobago Dollars)

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 of 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 profit or 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 from January 1, 2021, and have been adopted by the Company.

There were no new standards, amendments and interpretations which are effective from January 1, 2021 and have been adopted by the Company.

(c) Standards, amendments and interpretations issued which are effective after January 1, 2021, and have been early adopted by the Company.

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

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

- (d) *Standards, amendments and interpretations issued which are effective from January 1, 2021, and not relevant to the Company*
 - (i) IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform-Phase 2' (effective for years beginning on or after January 1, 2021). Amended to introduce a practical expedient for modifications required by the reform, clarified that hedge accounting is not discontinued solely because of the IBOR reform, and introduced disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.
- (e) *Standards, amendments and interpretations issued which are not yet effective and not relevant to the Company*
 - (i) IAS 1 'Presentation of Financial Statements' (effective for years beginning on or after January 1, 2023). Amended to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
 - (ii) IFRS 3 'Reference to Conceptual Framework' (effective for years beginning on or after January 1, 2022). Amended to replace an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.
 - (iii) IAS 16 '*Property, Plant and Equipment*' - (effective for years beginning on or after January 1, 2022). Amended *Proceeds before intended use* to prohibit deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
 - (iv) Amendments to IAS 37 'Onerous Contracts - Costs of Fulfilling a Contract' (effective for years beginning on or after January 1, 2022). Applied a 'directly related cost approach' clarifying that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

- (v) Annual improvements to IFRS Standards 2018-2020 (effective for years beginning on or after January 1, 2022).

IFRS 1 'First-time Adoption of International Financial Reporting Standards.' Amended to allow entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent.

IFRS 9 'Financial Instruments' - Amended to clarify which fees should be included in the 10% test for derecognition of financial liabilities.

Amendment to IFRS 16 'Leases' - Removed the illustration of payments from the lessor relating to leasehold improvements in illustrative example 13, to remove any confusion about the treatment of lease incentives.

- (vi) IFRS 17 'Insurance Contracts' (effective for years beginning on or after January 1, 2023). Introduces new standard on accounting for insurance contracts, covering recognition and measurement, presentation and disclosure, which will replace IFRS 4, Insurance Contracts.
- (vii) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for years beginning on or after January 1, 2023). Amended to 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.
- (viii) IAS 1 'Presentation of Financial Statement and IFRS Practice Statement 2' (effective for years beginning on or after January 1, 2023). 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.
- (ix) IAS 12 'Income Taxes' (effective for years beginning on or after January 1, 2023.) The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(f) *Improvements to International Financial Reporting Standards*

The annual improvements process of the IASB 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, 2021:

- IFRS 1 'First-time Adoption of International Financial Reporting Standards' - Subsidiary as a first-time adopter (effective January 1, 2022).
- IFRS 9 'Financial Instruments' - Fees in the '10 percent' test for derecognition of financial liabilities (effective January 1, 2022).

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*

In accordance with IFRS 9, the Company 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.

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

2.3 Financial assets and financial liabilities (continued)

(i) *Financial assets (continued)*

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 or 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 for 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 or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or 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, 2021 and 2020 the Company did not hold any FVOCI.

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

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or 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.

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

2.3 Financial assets and financial liabilities (continued)

(i) Financial assets (continued)

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 or loss.

Dividends earned on equity instruments are recognised in profit or 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 is 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 IAS 28 investment entity exemption 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.

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

2.3 Financial assets and financial liabilities (continued)

(i) Financial assets (continued)

Equity instruments (continued)

b) Investment in Subsidiary (continued)

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 security 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.

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

2.3 Financial assets and financial liabilities (continued)

(i) Financial assets (continued)

Debt instruments (continued)

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 or 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/derecognition 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.

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements

For the year ended December 31, 2021

(Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

2.3 Financial assets and financial liabilities (continued)

(i) *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 payables 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.

(ii) *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 both in-house models and periodic independent expert valuers to value financial instruments that are not traded or traded on an inactive market. Some of the inputs of these models may not be market observable and are therefore based on assumptions.

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

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 recognised 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 recognised 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 derecognised. The costs of the day-to-day servicing of office equipment are recognised 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 recognised 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 recognised 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.

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

2.5 Revenue recognition (continued)

(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 subventions.

(iv) Net unrealised gains on financial assets at fair value through profit or 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 deferred government subvention will be systematically recognised on a straight-line basis in the statement of comprehensive income simultaneously with the recognition of bond interest expense.

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

2.7 Stated Capital

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

2.8 Provisions

Provisions are recognised 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 an 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.

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

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 or 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 counterparties 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, 2021</i>			
Cost			
At January 1, 2021	7	15	22
Additions	-	-	-
As at December 31, 2021	7	15	22
Accumulated depreciation			
At January 1, 2021	(3)	(7)	(10)
Charge for the year	(1)	(5)	(6)
As at December 31, 2021	(4)	(12)	(16)
Net book value			
As at December 31, 2021	\$3	\$3	\$6

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

4. Office equipment (continued)

	Furniture, fixtures and fittings \$000	Computer Hardware \$000	Total \$000
<i>Year ended December 31, 2020</i>			
Cost			
As at January 1, 2020	7	15	22
Additions	-	-	-
As at December 31, 2020	7	15	22
Accumulated depreciation			
As at January 1, 2020	(1)	(2)	(3)
Charge for the year	(2)	(5)	(7)
As at December 31, 2020	(3)	(7)	(10)
Net book value			
As at December 31, 2020	\$4	\$8	\$12

5. Financial assets

a. Financial assets at fair value through profit or 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, 2021, an unrealised fair value gain of \$430.3m (2020: \$34.5m) was recognised on the statement of comprehensive income, bringing the accumulated unrealised fair value gain to \$1.8b (2020: \$1.4b) and the total value of the FVPL to \$9.7b (2020: \$9.3b) as at December 31, 2021.

TGU was acquired in July 2018 based on an independent valuation dated July 2017. In October 2021, TGU's management engaged external qualified consultants to conduct an independent valuation of TGU as at December 31, 2021 for financial reporting purposes.

The valuation utilized the income approach (specifically the discounted cash flow (DCF) method) in order to determine a fair market value of TGU as at December 31, 2021. The valuation assessment resulted in the estimated fair market value for 100% shareholding in TGU as at December 31, 2021 as follows:

1. a Conservative Base Case assuming that TGU's plant ceases operating in July 2041 which resulted in a valuation of US\$331m; and
2. assuming an extension of TGU's Power Purchase Agreement contract by 15 years to July 2056 resulting in a valuation of US\$445m.

Management has considered the key factors and assumptions in each scenario and has determined that the equity value estimate under the Conservative Base Case scenario of \$2.237 billion (2020: \$2.025b) will be recognised in these financial statements resulting in an unrealised year-to-date fair value gain of \$212.8m.

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

5. Financial assets (continued)

b. Financial assets at fair value through profit or loss (continued)

Balance at December 31,	No. of Shares	Share Price	2021 '000	2020 '000
Investment in associates:				
Angostura Holdings Limited	61,677,011	\$18.00	1,110,186	1,011,503
One Caribbean Media Limited	15,285,917	\$4.41	67,411	73,984
Republic Financial Holdings Limited	42,475,362	\$140.16	5,953,347	5,733,749
Investment in subsidiary:				
Trinidad Generation Unlimited	189,400,000		2,237,813	2,025,000
Other equity investments:				
West Indian Tobacco Company Limited	13,646,136	\$28.50	388,915	483,073
			\$9,757,672	\$9,327,309
Movement during the year			2021 '000	2020 '000
Balance at the beginning of year			9,327,309	9,292,801
Net unrealised gains on financial assets at fair value through profit or loss			430,363	34,508
Balance at the end of year			\$9,757,672	\$9,327,309

c. Financial assets at amortised cost

Balance at December 31,	2021 '000	2020 '000
Government debt securities	68,325	80,897
Corporate debt securities	42,880	15,297
Balance at the end of year	\$111,205	\$96,194
Movement during the year		
Balance at January 1,	96,194	56,957
Additions of investment at amortised cost	15,011	39,237
Net movement in provision of ECL	-	-
Balance at the end of year	\$111,205	\$96,194

6. Cash and cash equivalents

	2021 '000	2020 '000
Bank current account	170,997	114,121
Mutual funds	4,563	823
Short term deposits	4,685	20,372
	\$180,245	\$135,316

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements

For the year ended December 31, 2021

(Expressed in Trinidad and Tobago Dollars)

6. Cash and cash equivalents (continued)

A sinking fund was established to meet the principal repayment on the bonds in 2023, 2030 and 2038. The portfolio consists of investments in government and corporate bonds, mutual funds and short term deposits. During the year ended December 31, 2021 interest income of \$3m was recognised on the statement of comprehensive income, bringing the accumulated balance in the Sinking Fund to \$120.5m (2020: \$117.4m).

The following table represents balances held in the Sinking Fund.

	2021 '000	2020 '000
Sinking Fund		
Bonds	62,076	53,037
Money Market Fund	4,563	824
Cash & Short term deposits	53,811	63,525
	<u>\$120,450</u>	<u>\$117,386</u>

7. Stated capital

Authorised:

An unlimited number of ordinary shares of no-par value

Issued and fully paid:

1 ordinary share of no-par value

	2021 '000	2020 '000
	<u>\$3,940,967</u>	<u>\$3,940,967</u>

8. Reserves

Bond interest payment reserve

	2021 '000	2020 '000
	<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.

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

9. Related party transactions (continued)

The following table represents transactions with related parties:

	2021 '000	2020 '000
Income from associates		
Dividend income	196,249	125,169
Net unrealised gains on financial assets at fair value through profit or loss	311,708	116,521
Income from subsidiary		
Dividend income	68,903	80,000
Net unrealised gains on financial assets at fair value through profit or loss	212,813	
Government subventions utilised	4,460	4,460
Interest income from government bonds	3,018	2,500
Director fees	(347)	(462)
Net impact on the statement of comprehensive income	\$796,804	\$328,188

The following table represents balances with related parties:

	2021 '000	2020 '000
Financial assets		
Investments in associates	7,130,944	6,819,236
Investment in subsidiary	2,237,813	2,025,000
Investments in government bonds	68,325	80,897
Deferred government subvention	(26,686)	(31,146)
	\$9,410,396	\$8,893,987

10. Bonds payable

The Company issued coupon rate bonds in three series during the period July 12, 2018 to August 9, 2018; these bonds remain actively traded on the corporate bond market. During the financial year 2021 and 2020, 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
Total	\$4.0 billion			

	2021 '000	2020 '000
Bonds in Series A, B and C	4,000,000	4,000,000
Amortised bond issuance cost	(26,686)	(31,146)
	\$3,973,314	\$3,968,854

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

11. Deferred government subventions

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, 2021 the Company did not receive any government subventions (2020: nil).

	2021 '000	2020 '000
Balance at start	31,146	35,606
Allocated to the statement of comprehensive income	(4,460)	(4,460)
Balance at end	\$26,686	\$31,146

12. Dividend income

	2021 '000	2020 '000
Angostura Holdings Limited	24,054	10,485
One Caribbean Media Limited	2,293	-
Republic Financial Holdings Limited	169,902	114,683
West Indian Tobacco Company Limited	20,196	17,604
Trinidad Generation Unlimited	68,903	80,000
	\$285,348	\$222,772

13. Government subventions utilised

	2021 '000	2020 '000
Government subventions for bond issuance costs	\$4,460	\$4,460

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

Net unrealised gains on financial assets at fair value through profit or loss were attributable to the movement in market values during the years ended December 31, 2021 and December 31, 2020.

	2021 '000	2020 '000
Equity investments		
Angostura Holdings Limited	98,683	12,335
One Caribbean Media Limited	(6,573)	(55,946)
Republic Financial Holdings Limited	219,598	160,132
Other equity investments		
Trinidad Generation Unlimited	212,813	-
West Indian Tobacco Company Limited	(94,158)	(82,013)
	\$430,363	\$34,508

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

	2021 '000	2020 '000
15. Operating Expenses		
Administrative expenses	3,580	2,667
Green fund levy	866	676
Directors fee and expenses	439	532
Consulting and professional fees	546	202
	<u>\$5,431</u>	<u>\$4,077</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, 2021 were as follows:

	2021 '000	2020 '000
Cash and cash equivalents	180,245	135,316
Financial assets at amortised cost	111,205	96,194
Other receivables	1,072	1,886
	<u>\$292,522</u>	<u>\$233,396</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.

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

16. Financial risk management (continued)

16.2 Market risk (continued)

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 a subsidiary, which is valued in United States Dollars.

As at December 31, 2021, the carrying amount of TGU at fair value through profit or loss would decrease by \$22.4million if the currency rate used is increased by 100 basis points from management's estimates (2020: \$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 significant 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 +/- \$98.7million (2020: \$94.2 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 a financial obligation to its bondholders 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 interest payments.

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

16. Financial risk management (continued)

16.3 Liquidity risk (continued)

b) Bond principal payments -

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

To minimize the 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.

As at December 31, 2021	Up to 1 year '000	1 to 5 years '000	Over 5 years '000	No stated maturity '000	Total '000
<i>Financial assets</i>					
Cash and cash equivalents	180,245	-	-	-	180,245
Other receivables	1,072	-	-	-	1,072
Fair value through profit or loss	-	-	-	9,757,672	9,757,672
Amortised cost	-	111,205	-	-	111,205
	\$181,317	\$111,205	\$-	\$9,757,672	\$10,050,194
<i>Financial liabilities</i>					
Other payables	679	-	-	-	679
Accrued bond interest	87,090	-	-	-	87,090
Bonds payable	-	1,200,000	2,800,000	-	4,000,000
	\$87,769	\$1,200,000	\$2,800,000	\$-	4,087,769
Net liquidity risk	\$93,548	\$(1,088,795)	\$(2,800,000)	\$9,757,672	\$5,962,425

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

16. Financial risk management (continued)

16.3 Liquidity risk (continued)

As at December 31, 2020	Up to 1 year '000	1 to 5 years '000	Over 5 years '000	No stated maturity '000	Total '000
<i>Financial assets</i>					
Cash and cash equivalents	135,316	-	-	-	135,316
Other receivables	1,886	-	-	-	1,886
Fair value through profit or loss	-	-	-	9,327,309	9,327,309
Amortised cost	-	96,194	-	-	96,194
	\$137,202	\$96,194	\$-	\$9,327,309	\$9,560,705
<i>Financial liabilities</i>					
Other payables	341	-	-	-	341
Accrued bond interest	87,586	-	-	-	87,586
Bonds payable	-	1,200,000	2,800,000	-	4,000,000
	\$87,927	\$1,200,000	\$2,800,000	\$-	\$4,087,927
Net liquidity risk	\$49,275	\$(1,103,806)	\$(2,800,000)	\$9,327,309	\$5,472,778

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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<i>Financial assets</i>				
Cash and cash equivalents	180,245	135,316	257,565	135,316
Other receivables	1,072	1,886	1,073	1,886
Amortised cost	111,205	96,194	113,559	98,973
<i>Financial liabilities</i>				
Other payables	679	341	680	341
Accrued bond interest	87,090	87,586	87,090	87,586
Bonds payable	3,973,314	3,968,854	3,973,314	3,968,854
Deferred government subvention	26,686	31,146	26,686	31,146

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

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

Notes to the Financial Statements For the year ended December 31, 2021 (Expressed in Trinidad and Tobago Dollars)

16. Financial risk management (continued)

16.4 Fair value of financial assets and liabilities

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.

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16. Financial risk management (continued)

16.4 Fair value of financial assets and liabilities (continued)

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 financial assets as at December 31, 2021, and December 31, 2020:

As at December 31, 2021	Level 1 '000	Level 2 '000	Level 3 '\$000	Total '000
Government debt securities	-	68,325	-	68,325
Corporate debt securities	-	42,880	-	42,880
Investments in associates	7,130,944	-	-	7,130,944
Other equity investments	388,915	-	-	388,915
Investments in subsidiary	-	-	2,237,813	2,237,813
Total financial assets	\$7,519,859	\$111,205	\$2,237,813	\$9,868,877
As at December 31, 2020	Level 1 '000	Level 2 '000	Level 3 '000	Total '000
Government debt securities	-	80,897	-	80,897
Corporate debt securities	-	15,297	-	15,297
Investments in associates	6,819,236	-	-	6,819,236
Other equity investments	483,073	-	-	483,073
Investments in subsidiary	-	-	2,025,000	2,025,000
Total financial assets	\$7,302,309	\$96,194	\$2,025,000	\$9,423,503

17. Subsequent events

The Company evaluated all events that occurred from January 1, 2022, through March 7, 2022, 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.