Eppley Caribbean Property Fund Limited SCC

Consolidated Financial Statements
For the year ended September 30, 2020
(expressed in Barbados dollars)

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EPPLEY CARIBBEAN PROPERTY FUND SCC LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Eppley Caribbean Property Fund SCC and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position of the Value Fund and the Development Fund as at 30 September 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 September 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EPPLEY CARIBBEAN PROPERTY FUND SCC LIMITED

Report on the Audit of the Consolidated Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter	*How our audit addressed the key audit matter*
Valuation of investment properties and real estate available for resale	
In the Value Fund approximately 58% of the total assets are investment properties. Investment properties are measured at fair value, as determined by specialists engaged by management. Approximately 65% of the total assets of the Development Fund are real estate available-for-sale. Real estate available-for –sale is measured at the lower of cost and net realizable value.	We assessed the valuation reports prepared on behalf of management to obtain comfort that the methodology and assumptions used in the valuation were reasonable. We involved our EY valuation specialists to assess the appropriateness of valuation models used and conclusions made by management's specialists. We verified the underlying data used by management's specialists. Finally, we assessed the adequacy of disclosures in the consolidated financial statements.

Other information included in the Group's 2020 Annual Report
Other information consists of the information included in the Group's 2020 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2020 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EPPLEY CARIBBEAN PROPERTY FUND SCC LIMITED

Report on the Audit of the Consolidated Financial Statements (Continued)

Responsibilities of Management and those charged with governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EPPLEY CARIBBEAN PROPERTY FUND SCC LIMITED

Report on the Audit of the Consolidated Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated 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.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EPPLEY CARIBBEAN PROPERTY FUND SCC LIMITED

Report on the Audit of the Consolidated Financial Statements (Continued)

Other Legal and Regulatory Requirements

This report is made solely to the Group's shareholders, as a body, in accordance with Section 32 of the Mutual Funds Act of Barbados. Our audit work has been undertaken so that we might state to the Group's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Group and the Group's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

The engagement partner in charge of the audit resulting in this independent auditor's report is Mrs. Lisa Padmore.

Ernst & Young Ltd

Barbados
29 December 2020

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Eppley Caribbean Property Fund Limited SCC

Consolidated Statement of Financial Position

As at September 30, 2020

(expressed in Barbados dollars)

	Note	2020 $	2019 $
Value Fund			
Assets			
Investment properties	5	62,822,668	39,328,765
Investments in associated companies and joint arrangements	8	17,291,276	21,234,890
Loan receivable	11	3,746,558	–
Accounts receivable and prepaid expenses	12	399,268	390,746
Due from related parties	18	754,247	518,605
Marketable securities	10	–	4,000,000
Cash and cash equivalents	9	23,888,930	34,253,482
Total assets		108,902,947	99,726,488
Liabilities			
Loans payable	14	10,580,000	10,728,501
Accounts payable and accrued expenses	13	2,945,649	495,545
Security and advance deposits		317,566	327,021
Deferred taxation		122,363	42,836
Taxation payable		54,622	11,579
Total liabilities		14,020,200	11,605,482
Total assets less liabilities		94,882,747	88,121,006
Equity			
Capital and reserves attributable to the Group shareholders			
Share capital	19	93,259,667	83,128,128
Other reserves		(248,774)	(79,327)
Retained earnings		1,840,072	5,039,725
Total shareholders' funds		94,850,965	88,088,526
Non–controlling interests	7	31,782	32,480
		94,882,747	88,121,006
Net asset value per share	20	$0.69	$0.72

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

Approved by the Board of Directors on December 28, 2020

Director

Director

Eppley Caribbean Property Fund Limited SCC

Consolidated Statement of Financial Position...*continued*

As at September 30, 2020

(expressed in Barbados dollars)

	Note	2020 $	2019 $
Development Fund			
Assets			
Real estate available for re–sale	6	12,777,273	13,378,199
Investments in associated companies and joint arrangements	8	4,809,454	4,851,918
Accounts receivable and prepaid expenses	12	476,155	439,121
Cash and cash equivalents	9	1,691,546	2,562,170
Total assets		19,754,428	21,231,408
Liabilities			
Accounts payable and accrued expenses	13	190,110	167,718
Security and advance deposits		37,750	281,123
Due to related parties	18	415,565	337,207
Total liabilities		643,425	786,048
Total assets less liabilities		19,111,003	20,445,360
Equity			
Capital and reserves attributable to the Group shareholders			
Share capital	19	28,626,291	28,626,291
Retained deficit		(9,515,288)	(8,180,931)
Total shareholders' funds		19,111,003	20,445,360
Net asset value per share	20	$0.35	$0.38

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

Approved by the Board of Directors on December 28, 2020

Director

Director

Eppley Caribbean Property Fund Limited SCC

Consolidated Statement of Changes in Equity

For the year ended September 30, 2020

(expressed in Barbados dollars)

	Attributable to Fund shareholders				
	Share capital $	**Other reserves $**	**Retained earnings $**	**Non–controlling interests $**	**Total $**
Value Fund					
Balance at September 30, 2018	**37,209,540**	–	**2,525,125**	**2,902,055**	**42,636,720**
Dividends declared 2.4 cents per share (note 15)	–	–	(1,335,666)	–	**(1,335,666)**
Issuance of shares (note 19)	47,237,127	–	–	–	**47,237,127**
Shares issue costs (note 19)	(1,318,539)	–	–	–	**(1,318,539)**
Translation reserves	–	(79,327)	–	–	**,327)**
Distributions to non–controlling interests (note 7)	–	–	–	(2,902,501)	**(2,902,501)**
Total comprehensive income for the year	–	–	3,850,266	32,926	**3,883,192**
Balance at September 30, 2019	**83,128,128**	**(79,327)**	**5,039,725**	**32,480**	**88,121,006**
Dividends declared 2.4 cents and 1.8 cents per share (note 15)	–	–	(5,122,644)	–	**(5,122,644)**
Issuance of shares (note 19)	10,689,600	–	–	–	**10,689,600**
Shares issue costs (note 19)	(129,008)	–	–	–	**(129,008)**
Repurchase of issued shares	(429,053)	–	31,906	–	**(397,147)**
Translation reserves	–	(169,447)	–	–	**(169,447)**
Total comprehensive income/(loss) for the year	–	–	1,891,085	(698)	**1,890,387**
Balance at September 30, 2020	**93,259,667**	**(248,774)**	**1,840,072**	**31,782**	**94,882,747**

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

Eppley Caribbean Property Fund Limited SCC

Consolidated Statement of Changes in Equity…*continued*

For the year ended September 30, 2020

(expressed in Barbados dollars)

	Attributable to Fund shareholders		
	Share capital	**Retained earnings**	**Total**
	$	**$**	**$**
Development Fund			
Balance at September 30, 2018	**28,626,291**	**(8,754,767)**	**19,871,524**
Total comprehensive income for the year	–	573,836	573,836
Balance at September 30, 2019	**28,626,291**	**(8,180,931)**	**20,445,360**
Total comprehensive loss for the year	–	(1,334,357)	**(1,334,357)**
Balance at September 30, 2020	**28,626,291**	**(9,515,288)**	**19,111,003**

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

Eppley Caribbean Property Fund Limited SCC

Consolidated Statement of Comprehensive Income/(Loss)

For the year ended September 30, 2020

(expressed in Barbados dollars)

	Note	2020 $	2019 $
Value Fund			
Revenue			
Net rental income	**16**	2,945,551	1,800,499
Fair value gains on investment property	**5**	3,410,549	2,019,150
Share of (loss)/profit of investments accounted for using the equity method	**8**	(2,533,627)	2,947,930
Gain on bargain purchase		–	74,325
Interest income		761,194	149,714
Other income		666	1,869
Total investment income		**4,584,333**	**6,993,487**
Expenses			
Interest expense		478,827	634,125
Fund management fees	**18**	652,643	298,137
Investment advisor fees	**18**	652,643	298,137
Professional fees		422,560	187,339
Directors and subcommittee fees	**18**	3,200	2,560
Office and administrative expenses		62,173	45,562
Impairment charge for receivables	**12**	57,676	76,317
Net foreign exchange loss		201,410	1,565,676
Operating expenditure		**2,531,132**	**3,107,853**
Profit before tax		**2,053,201**	**3,885,634**
Taxation		(162,814)	(2,442)
Net profit for the year		**1,890,387**	**3,883,192**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(169,447)	79,327
Total comprehensive income for the year		**1,720,940**	**3,962,519**
Attributable to:			
Cellular property fund shareholders		1,891,085	3,850,266
Non– controlling interests	**7**	(698)	32,926
Total comprehensive income for the year		**1,890,387**	**3,883,192**
Earnings per share – basic and diluted	**20**	**$0.02**	**$0.06**

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

Eppley Caribbean Property Fund Limited SCC

Consolidated Statement of Comprehensive Income/(Loss)*…..continued*

For the year ended September 30, 2020

(expressed in Barbados dollars)

	Note	2020 $	2019 $
Development Fund			
Revenue			
Share of loss of investments accounted for using the equity method	**8**	(42,464)	(1,443)
Other income		–	7,002
Total investment income		**(42,464)**	**5,559**
Expenses			
Fair value loss/(gain) on real estate available for re–sale	**6**	600,926	(1,293,956)
Net carrying costs of real estate available for re–sale	**17**	175,268	217,955
Professional fees		358,785	113,099
Fund management fees	**18**	76,202	136,043
Investment advisor fees	**18**	76,202	136,043
Net loss on sale of real estate available for re–sale	**16**	–	112,414
Directors and subcommittee fees	**18**	800	1,440
Office and administrative expenses		3,710	8,685
Operating expenditure/(income)		**1,291,893**	**(568,277)**
Net (loss)/income for the year		**(1,334,357)**	**573,836**
Attributable to:			
Cellular property fund shareholders		**(1,334,357)**	**573,836**
Total comprehensive (loss)/income for the year		**(1,334,357)**	**573,836**
(Loss)/profit per share – basic and diluted	**20**	**$(0.02)**	**$0.01**

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

Eppley Caribbean Property Fund Limited SCC

Consolidated Statement of Cash Flows

For the year ended September 30, 2020

(expressed in Barbados dollars)

	Note	2020 $	2019 $
Value Fund			
Cash flows from operating activities			
Total comprehensive income for the year		2,053,201	3,885,634
Adjustments for:			
Fair value gains on investment property		(3,410,549)	(2,019,150)
Net foreign exchange loss		201,410	1,565,676
Share of (loss)/gains of investments accounted for using the equity method		2,533,627	(2,947,930)
Depreciation		2,024	–
Interest income		(761,194)	(149,714)
Interest expense		478,827	634,125
Operating income before working capital changes		1,097,346	968,641
Net decrease/(increase) in accounts receivable and prepaid expenses		84,788	(46,723)
(Increase)/decrease in loans receivable		(3,746,558)	6,500,000
Increase/(decrease) in accounts payable and accrued expenses		236,730	(1,570,546)
(Decrease)/increase in security and advance deposits		(5,198)	94,020
Net (decrease)/increase in due to/from related parties		(183,299)	330,217
Additions to investment properties		(9,670,782)	(12,872,552)
Decrease/(increase) in marketable securities		4,000,000	(4,000,000)
Cash used in operations		(8,186,973)	(10,596,943)
Interest received		761,194	117,979
Interest paid		(479,203)	(633,749)
Tax paid		(34,358)	–
Net cash used in operating activities		**(7,939,340)**	**(11,112,713)**
Cash flows from investing activities			
Distributions from associated companies		1,409,987	1,710,711
Net cash generated from investing activities		**1,409,987**	**1,710,711**
Cash flows from financing activities			
Net proceeds from issuance of shares		(129,008)	39,061,220
Shares repurchased		(397,147)	–
Distributions to non–controlling interests		–	(2,902,501)
Dividends paid		(2,932,359)	(1,335,666)
Loans received		–	8,348,284
Loans repaid		(147,625)	(7,855,100)
Net cash (used in)/ generated from financing activities		**(3,606,139)**	**35,316,237**
Net (decrease)/increase in cash and cash equivalents		**(10,135,492)**	**25,914,235**
Effects of foreign exchange rates changes on cash and cash equivalents		**(197,325)**	**(1,930,061)**
Cash and cash equivalents – beginning of year		**34,221,747**	**10,237,573**
Cash and cash equivalents – end of year	**9**	**23,888,930**	**34,221,747**

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

Eppley Caribbean Property Fund Limited SCC

Consolidated Statement of Cash Flows…*continued*

For the year ended September 30, 2020

(expressed in Barbados dollars)

	Note	2020 $	2019 $
Development Fund			
Cash flows from operating activities			
Total comprehensive (loss)/income for the year		(1,334,357)	573,836
Adjustments for:			
Share of loss of investments accounted for using the equity method		42,464	1,443
Net loss on sale of real estate available for re–sale		–	112,414
Fair value gain/(impairment loss) on real estate available for re–sale		600,926	(1,293,956)
Operating loss before working capital changes		**(690,967)**	**(606,263)**
Increase in accounts receivable and prepaid expenses		(37,034)	(18,946)
Increase/(decrease) in accounts payable and accrued expenses		22,392	(31,372)
Decrease in security and advance deposits		(243,373)	(2,791)
Net increase/(decrease) in due to/from related parties		78,358	(510,022)
Net proceeds from sale of real estate available for re–sale		–	2,050,535
Purchase of real estate available for re–sale		–	(59,426)
Cash (used in)/generated from operations		(870,624)	821,715
Net cash (used in)/generated by operating activities		**(870,624)**	**821,715**
Cash flows from investing activities			
Distributions from associated companies		–	720,002
Net cash generated by investing activities		**–**	**720,002**
Net (decrease)/increase in cash and cash equivalents		**(870,624)**	**1,541,717**
Cash and cash equivalents – beginning of year		**2,562,170**	**1,020,453**
Cash and cash equivalents – end of year	**9**	**1,691,546**	**2,562,170**

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

(expressed in Barbados dollars)

1 Incorporation and principal activities

Eppley Caribbean Property Fund Limited SCC (formerly Fortress Caribbean Property Fund Limited SCC) (the Group) was incorporated on May 7, 1999 and is registered under the Mutual Funds Act of Barbados as an authorised mutual fund. The Group is a closed end fund. It commenced operations on August 20, 1999. These consolidated financial statements include the results the Group and its subsidiaries ("the Group").

Eppley Fund Managers Limited, a mutual fund administrator licensed under the Mutual Funds Act, Barbados, acquired the common shares of the Group which were previously held by Fortress Fund Managers and Alleyne, Aguilar & Altman Limited. The effective date of the transaction was May 4, 2018. Following the completion of the sale, the name of the Group was changed to Eppley Caribbean Property Fund Limited SCC.

On September 24, 2013, at a special meeting of the shareholders of the Class "A" shares, the proposal to divide the Group into a segregated cell company was approved. As a result, effective October 1, 2013, the Group was converted to a segregated cell company, Fortress Caribbean Property Fund Limited SCC ("the Group"). The Group is divided into two cells, Fortress Caribbean Property Fund – Value Fund ("the Value Fund") and Fortress Caribbean Property Fund – Development Fund ("the Development Fund"). As at October 1, 2013 each share previously owned by the Class "A" shareholders has been replaced by one share in the Value Fund and one share in the Development Fund.

The split of the Group into the two cells is reflected on the Barbados Stock Exchange, the Company's primary exchange listing. The Group's shares are also traded on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange. Each share trades independently.

The Group maintains its registered office at 1st Floor, Carlisle House, Hincks Street, Bridgetown, Barbados.

The investment objective of the Value Fund is to produce annual income and long–term capital gains from a diversified portfolio of income producing properties in the Caribbean. It is expected that the Value Fund will pay out a minimum of 75% of its available distributable profits annually.

A public invitation for subscription was made by Eppley Caribbean Property Limited SCC via prospectus dated June 14, 2019, in Jamaica in respect of cellular shares in the Value Fund at the price of J$46.18 per share. The offer closed on July 31, 2019, consequently contributing to an increase of 66,528,860 units of shares issued.

The investment objective of the Development Fund is to realize value in the medium term on its portfolio of development properties in the Caribbean and return capital to shareholders. It is not expected that the Group will pay a regular dividend.

These consolidated financial statements have been authorised for issue by the Board of Directors on December 28, 2020.

(expressed in Barbados dollars)

2 Summary of significant accounting policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) promulgated by the International Accounting Standards Board (IASB), applicable to companies reporting under IFRS. The consolidated financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of certain financial assets held at fair value through profit or loss and investment properties which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and conditions, actual results could differ from these estimates. The areas involving a higher degree of judgement on complexity, or areas where assumptions and estimates are significant to the financial assets are disclosed in note 3.

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.

New and amended standards adopted by the Group
Certain new accounting standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following which is relevant to its operations:

- **IFRS 16, 'Leases'**, was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short–term and low–value leases. The accounting for lessors will not significantly change. The Group is yet to assess IFRS 16's full impact and intends to adopt IFRS 16 no later than the accounting period beginning on or after January 1, 2019.

  There was no impact on its financial statements arising from the adoption of the interpretation as the Group does not have operating leases.

- **Amendments to IAS 28 'Investments in associates', on long term interests in associates and joint ventures** (effective for annual periods beginning on or after January 1, 2019). These amendments clarify that companies account for long–term interests in an associate or joint venture to which the equity method is not applied using IFRS 9.

  There was no impact on its consolidated financial statements arising from the adoption of the interpretation as the Group normally applies the equity method to long–term interests in associates and joint ventures.

(expressed in Barbados dollars)

2 Summary of significant accounting policies…*continued*

a) Basis of preparation…*continued*

Standards, amendments and interpretations that are issued but not yet effective which may be relevant for the Group's operations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2020 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group except the following:

- **Amendment to IFRS 3 'Business Combinations' –**

    - Definition of a Business. The IASB issued amendments to the definition of a business in IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The Group is yet to assess IFRS 3's full impact and intends to adopt IFRS 3 no later than the accounting period beginning on or after January 1, 2020.

    - In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments must be applied prospectively. The Group is yet to assess IFRS 3's full impact and intends to adopt IFRS 3 no later than the accounting period beginning on or after January 1, 2022.

- **Amendment to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'** – Definition of Material. In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The Group is yet to assess IAS 1's full impact and intends to adopt IAS 1 no later than the accounting period beginning on or after January 1, 2020.

(expressed in Barbados dollars)

2 Summary of significant accounting policies*…continued*

a) Basis of preparation*…continued*

Standards, amendments and interpretations that are issued but not yet effective which may be relevant for the Group's operations*…continued*

- **Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'** – In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. Transition The amendments must be applied prospectively. Early application is permitted and must be disclosed. The Group is yet to assess the full impact of IFRS 10's and IAS 28's and intends to adopt the amendments no later than the accounting period beginning on or after the amendment is finalized by the IASB.

- **Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'** – In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss – making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. The Group is yet to assess the full impact of IAS 37's and intends to adopt IAS 37 no later than the accounting period beginning on or after January 1, 2022.

- **Amendments to IAS 16 'Property, Plant and Equipment'** – The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The Group is yet to assess the full impact and intends to adopt the amendments no later than the accounting period beginning on or after January 1, 2022.

(expressed in Barbados dollars)

2 Summary of significant accounting policies…*continued*

a) Basis of preparation…*continued*

Standards, amendments and interpretations that are issued but not yet effective which may be relevant for the Group's operations*…continued*

Amendments to IAS 1 'Presentation of Financial Statements' – In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non –current. The amendments clarify what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification. Many entities will find themselves already in compliance with the amendments. However, entities need to consider whether some of the amendments may impact their current practice. Entities need to carefully consider whether there are any aspects of the amendments that suggest that terms of their existing loan agreements should be renegotiated. In this context, it is important to highlight that the amendments must be applied retrospectively.

b) Consolidation

i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter–company transactions, balances, and unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

The Group's subsidiary holdings are set out below:

	2020	**2019**
Value Fund		
BET Building Joint Venture	57%	57%
Retirement Road Holdings Limited	100%	100%
Alamac Property	100%	100%
Development Fund		
Fortress (St. Lucia) Limited	100%	100%
JK Holdings Limited	100%	100%

(expressed in Barbados dollars)

2 Summary of significant accounting policies…*continued*

b) Consolidation…*continued*

i) Subsidiaries…

Changes in ownership interests in subsidiaries without change of control

Transactions with non–controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non–controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control of retained interest in the entity it is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

ii) Associates

Associated undertakings and joint ventures are entities in which the Group has significant influence but not control, generally accompanying a shareholding or interest of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's share of post–acquisition profit or loss is recognised in the consolidated statement of comprehensive income, and its share of post–acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the consolidated statement of comprehensive income.

(expressed in Barbados dollars)

2 Summary of significant accounting policies*…continued*

b) Consolidation*…continued*

ii) Associates…continued

The Group's associate holdings are set out below:

	2020	2019
Development Fund		
Contonou Shores Ltd.	35%	35%
Rockley Development Limited	50%	50%
Canouan CS&F Investments Limited	35%	35%

iii) Joint arrangements

The Group has applied IFRS 11 to all joint arrangements as of October 1, 2013. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and has determined to have both joint ventures and joint operations.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post–acquisition profits or losses and movements in other comprehensive income.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long–term interests that, in substance, form part of the group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. The Group accounts for its share of the assets, liabilities, revenue and expenses of the joint operation.

The Group's joint arrangement holdings are set out as below:

	2020	2019
Value Fund		
Joint ventures		
The Sunset Joint Venture	24%	24%
The CS&C Joint Venture – account 1	36%	36%
Emerald City Trust	30%	30%

(expressed in Barbados dollars)

2 Summary of significant accounting policies*…continued*

b) Consolidation*…continued*

iii) Joint arrangements…continued

Development Fund		
Joint ventures		
The CS&C Joint Venture – account 2	36%	36%
Joint operations		
Rockley Joint Venture	50%	50%

Following the split of the Company on October 1, 2013, into a segregated cell company, the assets of the joint arrangements were allocated to each cell based on the investment objective of each cell as well as the characteristics of the underlying properties of the arrangements. As a result, certain properties within the CS&C Joint Venture were split between the Value Fund and the Development Fund. Together both cells own 36% of the CS&C Joint Venture.

iv) Business Combinations

The Group has applied IFRS 3 to all Business Combinations. Acquisitions are accounted for using the 'purchase method' of accounting. The cost of an acquisition is representative of the cash paid along with the fair value of other assets given, equity instruments issued and liabilities incurred or assumed. Any deferred contingent consideration is recognised at fair value at the acquisition date. In applying the acquisition method, the Group identifies the acquirer, determines the acquisition date, recognises and measures the identifiable assets acquired, the liabilities assumed and any non–controlling interest in the acquiree and recognises and measures goodwill or a gain from a bargain purchase.

c) Foreign currency translation

Functional and presentation currency
Items included in the consolidated financial statements of the Group, its subsidiary and associated companies are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). The consolidated financial statements are presented in Barbados dollars which is the functional and presentation currency of the Group. As such, subsidiaries denominated in another currency are translated to Barbados dollars. This therefore gives rise to a translation difference on consolidation. This is reflected in the *Other Comprehensive Income* of the Group.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(expressed in Barbados dollars)

2 Summary of significant accounting policies*…continued*

c) Foreign currency translation*…continued*

Transactions and balances*…continued*

Translation differences on non–monetary financial assets such as equities held at fair value through profit or loss are recognised in the consolidated statement of comprehensive income as part of the fair value gain and loss.

d) Investment and other financial assets

(i) Classification

he Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss (FVPL), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group can also elect on adoption of IFRS 9, to select the fair value option to eliminate an accounting mismatch. For assets measured at fair value, gains and losses will be recorded in profit or loss. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss.

(ii) Recognition and derecognition

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

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets held in order to collect contractual cash flows and give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost.

Equity instruments

The Group subsequently measures all equity investments at fair value through profit or loss.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

(expressed in Barbados dollars)

2 Summary of significant accounting policies*…continued*

d) Investment and other financial assets*…continued*

(vi) Impairment

The Group holds repurchase agreements and other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9. Therefore the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group's approach to ECLs reflects a probability –weighted outcome, 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.

e) Accounting for leases

Leases in which a significant portion of the risk and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Where the Group is the leasee, payments, including prepayments, made under operating leases are charged to the consolidated statement of comprehensive income on a straight–line basis over the period of the lease. Where the Group is the lessor, properties leased out under operating leases are included in investment property in the consolidated statement of financial position. Lease income is recognised over the term of the lease on a straight–line basis.

f) Investment properties

Property that is held for long–term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment properties are treated as long–term investments. Investment property is initially measured at its cost including related transaction costs. After initial recognition investment property is carried at fair value. Fair value is determined semi–annually or annually by professional independent valuers. The professional valuers hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. The valuations form the basis for the carrying amounts in the consolidated financial statements.

Investment properties are not subject to depreciation. Changes in the fair value of investment property are recorded in the consolidated statement of comprehensive income. Changes in the fair value of investment property related to foreign currency translation are also recognised in the consolidated statement of comprehensive income.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the consolidated statement of comprehensive income. If investment property is reclassified as real estate available for re–sale, its fair value at the date of reclassification becomes its cost for accounting purposes.

(expressed in Barbados dollars)

2 Summary of significant accounting policies…*continued*

f) Investment properties…*continued*

If real estate available for re–sale is transferred to investment property, any difference resulting between the carrying value and the fair value of this item at the date of transfer is recognised in the consolidated statement of comprehensive income.

g) Real estate available for re–sale

Properties that are being held for future sale or in the process of construction or development for such sale are classified as real estate available for re–sale and are carried at the lower of cost or net realisable value. Subsequent costs are included in the properties' carrying value.

Net realisable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses. The carrying value is immediately written down to its recoverable amount if its carrying value is assessed to be greater than the estimated recoverable amount.

Gains and losses realised on the sale of real estate are included in the consolidated statement of comprehensive income at the time of sale.

h) Cash and cash equivalents

Cash equivalents are short term, highly liquid investments, with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to insignificant changes in value.

i) Accounts receivable

Accounts receivable are amounts due from customers for services performed in the ordinary course of business. These are treated in the manner as financial assets above in note 2(d).

j) Accounts payable and accrued expenses

Accounts payable and accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and accrued expenses are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

k) Share capital

The Group's two classes of cellular shares, the Value Fund shares and the Development Fund shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of new ordinary shares or options, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

(expressed in Barbados dollars)

2 Summary of significant accounting policies…*continued*

k) Share capital…*continued*

Where the Group re–purchases its own shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the cellular shares are cancelled, re–issued or disposed of. The Group's policy is not to keep shares in treasury, but, rather, to cancel them once repurchased.

l) Net asset value per share and earnings per share

The net asset value per share is calculated by dividing the net assets of each segregated cell by the number of outstanding cellular shares.

Earnings per share is calculated by dividing the net profit attributable to the cellular shareholders by the weighted average number of shares outstanding during the period. For the purpose of calculating diluted earnings per share, the weighted average number of shares is adjusted for the effects of all dilutive potential cellular shares.

m) Dividends payable

Dividend distributions on the Group's shares are recorded in the period during which the dividend declaration has been approved by the Board of Directors.

n) Revenue from contracts with customers

Revenue earned by the Group is mainly rental income and is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group recognizes revenue when it transfers control over the rental space, being when the tenant takes up occupancy. This represents the time when delivery is deemed to have taken place as the Group has objective evidence that all criteria for acceptance have been satisfied, upon the signing of the contract by the tenant. The signing of the contract by all concerned parties as well as making rental space available for the tenant represents the fulfilment of the performance obligation. contracts usually specify that the due dates of rental payments are on a monthly basis. Revenue from rental income is henceforth recognized accordingly, on an accrual basis.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or service to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit–impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

(expressed in Barbados dollars)

2 Summary of significant accounting policies…*continued*

o) Taxation

The Group is licensed as an authorised mutual fund under the Mutual Funds Act, 2002–22 of Barbados. The Directors have resolved that all of the net comprehensive income of the Group is attributable to the Group's cellular shareholders.

In calculating the assessable income of the Group for tax purposes, the Act provides for a deduction of up to 100% of the income that is designated to be the income of the Group shareholders. However, some subsidiaries of the Group are subjected to taxation. Taxation on the profit or loss for the year comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the statement of comprehensive income, except where they relate to items recorded in shareholders' equity, in which case they are charged or credited to equity.

(i) Current taxation
Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at year end, and any adjustment to tax payable and tax losses in respect of the previous years.

(ii) Deferred income taxes
Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

p) Expenses

Expenses are accounted for on an accrual basis. Expenses are charged to the consolidated statement of comprehensive income. In addition to the management fees and administration expenses, the Group is responsible for the payment of all direct expenses relating to its operations such as audit, legal and professional fees.

q) Management and advisor fees

Eppley Fund Managers Limited serves as manager and registrar of the Group, effective. As a result of providing investment advisory, management and registrar services, Eppley Fund Managers Limited receives a management fee based on the average net asset value of the Group, calculated monthly and payable in arrears, at the rate of 0.75% per annum of the net asset value of the Value Fund and 0.375% per annum of the net asset value of the Development Fund. The manager receives a progress fee of 2% of the net proceeds of any non– income generating property sold or leased at fair market value within the Development Fund.

r) Loans payable

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

(expressed in Barbados dollars)

2 Summary of significant accounting policies…*continued*

s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision–maker. The chief operating decision–maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors who makes the strategic decisions. The Board of Directors is responsible for the Group's entire portfolio and considers the business to have a single operating segment. The asset allocation decisions are based on a single, integrated investment strategy, and the Group's performance is evaluated on an overall basis.

t) Security and advance deposits

The Group obtains deposits from tenants as a guarantee for returning the property at the end of the lease term in a specified good condition or for the lease payments for a period ranging from 1 to 12 months. Such deposits are treated as financial liabilities in accordance with IFRS 9 and they are initially recognised at fair value. The deposit is subsequently measured at amortised cost.

u) Changes in accounting policies

The Group applied IFRS 16 for the first time on October 1, 2019. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time on October 1, 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

IFRS 16 Leases
IFRS 16 supersedes IAS 17 Leases, and related interpretations. It applies, with limited exceptions, to all lease arrangements. The standard provides for one lease accounting model which requires lessees to recognise assets and liabilities for all leases unless the lease term is less than or equal to 12 months. The lessor is however allowed to classify each lease as an operating lease or a finance lease.

IFRS 16 requires for the lessee to measure right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial assets. A lease is classified as a finance lease if substantially all the risks and rewards incidental to ownership of an underlying asset is transferred. A lessor shall, on the commencement of a finance lease, recognize assets held as a receivable at an amount equal to the net investment of the lease.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of October 1, 2019. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at October 1, 2019.

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 October 2019.

The adoption of IFRS 16 did not have an impact on OCI or the Group's operating, investing and financing cash flows.

(expressed in Barbados dollars)

2 Summary of significant accounting policies*…continued*

u) Changes in accounting policies*…continued*

IFRIC 23 Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Based on advice from its professional tax advisors, management is of the view that the Group can successfully defend most of these matters and that no material additional liabilities in respect of the unresolved matters are probable.

3 Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next financial year relate to the valuation of investment property and real estate held for re–sale. The fair value of these properties are determined annually by an independent professional valuer. Significant estimates and judgements in the estimation of values are disclosed in notes 5 and 6.

(expressed in Barbados dollars)

4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (which includes price risk and interest rate risk), credit risk and liquidity risk. The risk management policies employed by the Group to manage these risks are discussed below.

The Group's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Group is exposed and seeks to minimise the potential adverse effect on the Group's financial performance.

The risk management policies employed by the Group to manage these risks are discussed below.

The management of these risks is carried out by the Investment Manager under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non–derivative financial instruments and the investment of excess liquidity.

Market risk

i) Price risk

The Group is exposed to market price risk arising primarily from the changes in equity prices. At September 30, 2020 and 2019, the Group has no exposure to market price risk.

ii) Cash flows and fair value interest rate risk

The Group's interest rate risk arises from long–term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group holds the majority of its long term borrowings in fixed rate instruments. The details of the Group's long–term borrowings are included in note 14. Any excess cash and cash equivalents of the Group are invested at short–term market interest rates. The effective yield on cash and cash equivalents is disclosed in note 9.

(expressed in Barbados dollars)

4 Financial risk management…*continued*

Market risk…*continued*

ii) Cash flows and fair value interest rate risk…*continued*

The table below summaries the Group's exposure to interest rate risk. It includes the Group's financial assets and liabilities categorised by the earlier of the contractual re–pricing or maturity dates.

	0 – 3 months $	4 months to 1 year $	Over 1 year $	Non–interest bearing $	Total $
September 30, 2020					
Value Fund					
Financial assets					
Loan receivable	–	3,740,000	–	6,558	3,746,558
Accounts receivable	–	–	–	274,267	274,267
Due from related parties	–	–	–	754,247	754,247
Cash and cash equivalents	23,888,930	–	–	1,500,094	25,389,024
Total financial assets	**23,888,930**	**–**	**–**	**2,535,166**	**30,164,096**
Financial liabilities					
Loans payable	–	3,000,000	7,500,000	80,000	10,580,000
Accounts payable	–	–	–	2,752,527	2,752,527
Security and advance deposits	–	–	–	317,566	317,566
Total financial liabilities	**–**	**3,000,000**	**7,500,000**	**3,150,093**	**13,650,093**
Development Fund					
Financial assets					
Accounts receivable	–	–	–	422,594	422,594
Cash and cash equivalents	–	–	–	1,691,546	1,691,546
Total financial assets	**–**	**–**	**–**	**2,114,140**	**2,114,140**
Financial liabilities					
Accounts payable	–	–	–	163,411	163,411
Security and advance deposits	–	–	–	37,750	37,750
Due to related parties	–	–	–	415,565	415,565
Total financial liabilities	**–**	**–**	**–**	**616,726**	**616,726**

(expressed in Barbados dollars)

4 Financial risk management …*continued*

Market risk …*continued*

ii) Cash flows and fair value interest rate risk…*continued*

	0 – 3 months $	4 months to 1 year $	Over 1 year $	Non–interest bearing $	Total $
September 30, 2019					
Value Fund					
Financial assets					
Accounts receivable	–	–	–	283,838	283,838
Due from related parties	–	–	–	518,605	518,605
Marketable securities	–	4,000,000	–	–	4,000,000
Cash and cash equivalents	32,472,904	–	–	1,780,578	34,253,482
Total financial assets	**32,472,904**	**4,000,000**	**–**	**2,583,021**	**39,055,925**
Financial liabilities					
Loans payable	–	7,648,125	3,000,000	80,376	10,728,501
Accounts payable	–	–	–	356,427	356,427
Security and advance deposits	–	–	–	327,021	327,021
Total financial liabilities	**–**	**7,648,125**	**3,000,000**	**763,824**	**11,411,949**
Development Fund					
Financial assets					
Accounts receivable	–	–	–	382,539	382,539
Cash and cash equivalents	–	–	–	2,562,170	2,562,170
Total financial assets	**–**	**–**	**–**	**2,944,709**	**2,944,709**
Financial liabilities					
Accounts payable	–	–	–	153,167	153,167
Security and advance deposits	245,373	–	–	35,750	281,123
Due to related parties	–	–	–	337,207	337,207
Total financial liabilities	**245,373**	**–**	**–**	**526,124**	**771,497**

(expressed in Barbados dollars)

4 Financial risk management …*continued*

Market risk …*continued*

ii) Cash flows and fair value interest rate risk…*continued*

At September 30, 2020, the majority of the Group's financial assets and liabilities are interest bearing. In the prior year, the financial assets were mainly interest bearing and the financial liabilities were mainly non–interest bearing. The Group's long term debt are fixed rate instruments. As a result the Group is not subject to significant amounts of cash flow interest risk due to fluctuation in the prevailing levels of market interest rates.

iii) Foreign currency risk

The majority of the Group's financial assets and liabilities are denominated in the Barbados dollar, US dollar and Jamaican dollar or currencies fixed to the denominations. Its functional currency is however Barbados dollar. Financial assets exposed to currency risk are mainly Jamaican dollar denominated repurchase agreements. Since the Barbados dollar is pegged to the US dollar, there is no currency exposure. The exposure to the Jamaican dollar is also immaterial.

Credit risk

Credit risk is the risk that an issuer or counterparty to a financial instrument will be unable or unwilling to meet a commitment thereby causing a financial loss to the Group.

The maximum exposure of the Group to credit risk is set out in the following table:

	Value Fund $	Development Fund $
September 30, 2020		
Loan receivable	3,746,558	–
Accounts receivable	274,267	422,594
Due from related parties	754,247	–
Cash and cash equivalents	23,888,930	1,691,546
Total financial assets	**28,664,002**	**2,114,140**
September 30, 2019		
Accounts receivable	283,838	382,540
Due from related parties	518,605	–
Marketable securities	4,000,000	–
Cash and cash equivalents	34,253,482	2,562,170
Total financial assets	**39,055,925**	**2,944,710**

(expressed in Barbados dollars)

4 Financial risk management…*continued*

Credit risk…*continued*
The loan receivable comprised of a vendor's mortgage held in 693STR Limited, for the purchase of property located at 693 Spanish Town Road, Kingston 11, Jamaica. This property was purchased during the current financial year and serves as the collateral security on the loan. In the comparative period, the loan receivable comprised of a vendor's mortgage held in the BET joint venture which related to the sale of the CWBET building during the prior financial year. The collateral security on the loan was the CWBET building, Wildey, St. Michael (note 11).

Accounts receivable comprise mainly of amounts due from the tenants of investment properties. As part of the lease agreements tenants provide a security deposit. The property manager does an assessment of the business of the prospective client to determine its viability and hence its ability to meet the lease commitments.

The Group has no significant individual credit exposure on amounts due from tenants.

The Group's exposure to individual counterparty credit risk on its cash and cash equivalents and short term deposits exceeding 2% of total Fund net assets are set out below:

	Value Fund $	Development Fund $
September 30, 2020		
CIBC FirstCaribbean International Bank (not rated)	983,318	1,691,546
Republic Bank Barbados Limited	832,769	–
NCB Capital Markets Limited	12,799,895	–
National Commercial Bank (not rated)	516,776	–
JMMB Bank (Jamaica) Limited	4,654,040	–
Jamaica Money Market Brokers Limited	4,102,132	–
	23,888,930	**1,691,546**
September 30, 2019		
CIBC FirstCaribbean International Bank (not rated)	1,502,380	2,562,170
NCB Capital Markets Limited	27,972,904	–
National Commercial Bank (not rated)	278,198	–
JMMB Bank (Jamaica) Limited	4,500,000	–
Jamaica Money Market Brokers Limited	4,000,000	–
	38,253,482	**2,562,170**

The Group's past due or impaired financial assets are disclosed in note 12.

(expressed in Barbados dollars)

4 Financial risk management…*continued*

Liquidity risk
Prudent liquidity management implies maintaining sufficient cash and ensuring the availability of funding through an adequate amount of committed credit facilities to meet the obligations of the Group.

The table below analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amount, as the impact of discounting is not significant.

	0 – 3 months $	4 months to 1 year $	1 – 5 years $	Over 5 years $	No stated maturity $	Total $
Value Fund						
September 30, 2020						
Assets						
Loan receivable	81,358	3,814,800	–	–	–	3,896,158
Accounts receivable	270,671	3,596	–	–	–	274,267
Due from related parties	–	–	–	–	754,247	754,247
Cash and cash equivalents	23,888,930	–	–	–	–	23,888,930
Total financial assets	**24,240,959**	**3,818,396**	**–**	**–**	**754,247**	**28,813,602**
Liabilities						
Loans payable	120,986	3,338,960	8,159,835	–	–	11,619,781
Accounts payable	2,792,187	–	–	–	–	2,792,187
Security and advance deposits	98,076	29,770	146,576	43,144	–	317,566
Total financial liabilities	**3,011,249**	**3,368,730**	**8,306,411**	**43,144**	**–**	**14,729,534**

(expressed in Barbados dollars)

4 Financial risk management…*continued*

Liquidity risk…*continued*

	0 – 3 months $	4 months to 1 year $	1 – 5 years $	Over 5 years $	No stated maturity $	Total $
Value Fund						
September 30, 2019						
Assets						
Accounts receivable	168,570	115,268	–	–	–	**283,838**
Due from related parties	–	–	–	–	518,605	**518,605**
Marketable securities	–	4,039,200	–	–	–	**4,039,200**
Cash and cash equivalents	34,253,482	–	–	–	–	**34,253,482**
Total financial assets	**34,422,052**	**4,154,468**	**–**	**–**	**518,605**	**39,095,125**
Liabilities						
Loans payable	120,986	4,980,000	6,996,986	–	–	**12,097,972**
Accounts payable	356,427	–	–	–	–	**356,427**
Security and advance deposits	177,288	44,970	80,763	24,000	–	**327,021**
Total financial liabilities	**654,701**	**5,024,970**	**7,077,749**	**24,000**	**–**	**12,781,420**

(expressed in Barbados dollars)

4 Financial risk management…*continued*

Liquidity risk…*continued*

	0 – 3 months $	3 months to 1 year $	1 – 5 years $	No stated maturity $	Total $
Development Fund					
September 30, 2020					
Assets					
Accounts receivable	24,500	388,094	–	10,000	422,594
Cash and cash equivalents	1,691,546	–	–	–	1,691,546
Total financial assets	**1,716,046**	**388,094**	**–**	**10,000**	**2,114,140**
Liabilities					
Accounts payable	163,411	–	–	–	163,411
Security and advance deposits	37,750	–	–	–	37,750
Due to related parties	415,565	–	–	–	415,565
Total financial liabilities	**616,726**	**–**	**–**	**–**	**616,726**
September 30, 2019					
Assets					
Accounts receivable	10,965	361,575	–	10,000	**382,540**
Cash and cash equivalents	2,562,170	–	–	–	**2,562,170**
Total financial assets	**2,573,135**	**361,575**	**–**	**10,000**	**2,944,710**
Liabilities					
Accounts payable	153,167	–	–	–	**153,167**
Security and advance deposits	268,123	13,000	–	–	**281,123**
Due to related parties	337,207	–	–	–	**337,207**
Total financial liabilities	**758,497**	**13,000**	**–**	**–**	**771,497**

(expressed in Barbados dollars)

4 Financial risk management…*continued*

Fair value estimation

The fair value of financial assets traded in active markets. The quoted market price used for financial assets held by the Group is the current exit price; the quoted market price for financial liabilities is the current exit price. If a significant movement in fair value occurs subsequent to the close of trading on the year end date, valuation techniques will be applied to determine the fair value.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The Group is required to classify 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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 judgment, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ also requires significant judgment by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Group does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include unlisted mutual funds. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non–transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As observable prices are not available for these securities, the Group has used valuation techniques to derive the fair value.

As at September 30, 2020, there are no financial assets carried at fair value through profit or loss.

(expressed in Barbados dollars)

4 Financial risk management…*continued*

Fair value estimation…*continued*

Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table analyses within the fair value hierarchy the Group's assets and liabilities (by class) not measured at fair value at September 30, 2020 but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
	$	$	$	$
September 30, 2020				
Value Fund				
Assets				
Loans receivable	–	3,746,558	–	3,746,558
Accounts receivable and prepaid expenses	–	274,267	–	274,267
Due from related parties	–	754,247	–	754,247
Cash and cash equivalents	25,389,024	–	–	25,389,024
Total	**25,389,024**	**4,775,072**	**–**	**30,164,096**
Liabilities				
Loans payable	–	10,580,000	–	10,580,000
Accounts payable and accrued expenses	–	2,752,527	–	2,752,527
Security and advance deposits	–	317,566	–	317,566
Total	**–**	**13,650,093**	**–**	**13,650,093**
Development Fund				
Assets				
Accounts receivable and prepaid expenses	–	422,594	–	422,594
Cash and cash equivalents	1,691,546	–	–	1,691,546
Total	**1,691,546**	**422,594**	**–**	**2,114,140**
Liabilities				
Accounts payable and accrued expenses	–	163,411	–	163,411
Security and advance deposits	–	37,750	–	37,750
Due to related parties	–	415,565	–	415,565
Total	**–**	**616,726**	**–**	**616,726**

(expressed in Barbados dollars)

4 Financial risk management…*continued*

Fair value estimation…*continued*

Assets and liabilities not carried at fair value but for which fair value is disclosed

	Level 1	Level 2	Level 3	Total
	$	$	$	$
September 30, 2019				
Value Fund				
Assets				
Accounts receivable and prepaid expenses	–	390,746	–	**390,746**
Due from related parties	–	518,605	–	**518,605**
Marketable securities	4,000,000	–	–	**4,000,000**
Cash and cash equivalents	34,253,482	–	–	**34,253,482**
Total	**38,253,482**	**909,351**	**–**	**39,162,833**
Liabilities				
Loans payable	–	10,728,501	–	**10,728,501**
Accounts payable and accrued expenses	–	495,545	–	**495,545**
Security and advance deposits	–	327,021	–	**327,021**
Total	**–**	**11,551,067**	**–**	**11,551,067**
Development Fund				
Assets				
Accounts receivable and prepaid expenses	–	439,121	–	**439,121**
Cash and cash equivalents	2,562,170	–	–	**2,562,170**
Total	**2,562,170**	**439,121**	–	**3,001,291**
Liabilities				
Accounts payable and accrued expenses	–	495,545	–	**495,545**
Security and advance deposits	–	281,123	–	**281,123**
Due to related parties	–	337,207	–	**337,207**
Total	**–**	**1,113,875**	**–**	**1,113,875**

(expressed in Barbados dollars)

4 Financial risk management…*continued*

Fair value estimation…*continued*

Assets and liabilities not carried at fair value but for which fair value is disclosed

The fair values are based on cash flows discounted using a rate based on the borrowing rates and are within level 2 of the fair value hierarchy.

Cash and cash equivalents include cash in hand, deposits held with banks and other short–term investments in an active market.

The remaining assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value, due to their short–term nature.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

5 Investment properties

An independent valuation of the Value Fund's investment properties was performed by valuers to determine the fair value of the investment properties as at September 30, 2020. The fair value gains/losses recognised have been recorded in the consolidated statement of comprehensive income.

The following table analyses the non–financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

(expressed in Barbados dollars)

5 Investment properties…*continued*

2020	Fair value hierarchy/ level	Fair value b/fwd $	Additions/ (disposals) $	Foreign exchange (losses)/gains $	Fair value (losses)/gains $	Fair value c/fwd $
Value Fund						
Carlisle House	**3**	7,555,000	–	–	(205,000)	**7,350,000**
No. 24 Broad Street	**3**	8,380,000	–	–	(380,000)	**8,000,000**
The Chattel Village	**3**	1,460,000	–	–	(100,000)	**1,360,000**
Alamac	**3**	4,355,000	–	–	45,000	**4,400,000**
Angels Pen	**3**	7,145,111	–	(371,926)	1,609,282	**8,382,467**
227 Marcus Garvey Drive	**3**	3,258,648	–	(171,862)	–	**3,086,786**
Empire Plaza	**3**	7,175,006	–	(376,257)	705,826	**7,504,575**
Hastings Business Centre	**3**	–	9,312,477	–	137,523	**9,450,000**
105 –107 Marcus Garvey Drive	**3**	–	11,047,905	643,017	1,597,918	**13,288,840**
		39,328,765	**20,360,382**	**(277,028)**	**3,410,549**	**62,822,668**

2019	Fair value hierarchy/ level	Fair value b/fwd $	Additions/ (disposals) $	Foreign exchange (losses)/gains $	Fair value (losses)/gains $	Fair value c/fwd $
Value Fund						
Carlisle House	**3**	7,500,000	–	–	55,000	**7,555,000**
No. 24 Broad Street	**3**	8,800,000	–	–	(420,000)	**8,380,000**
The Chattel Village	**3**	1,470,000	–	–	(10,000)	**1,460,000**
Angels Pen	**3**	–	5,852,099	(68,098)	1,361,110	**7,145,111**
227 Marcus Garvey Drive	**3**	–	3,161,151	(39,738)	137,235	**3,258,648**
Empire Plaza	**3**	–	6,576,047	58,154	540,805	**7,175,006**
Alamac Property	**3**	–	4,000,000	–	355,000	**4,355,000**
		17,770,000	**19,589,297**	**(49,682)**	**2,019,150**	**39,328,765**

During the year the investment properties were appraised by independent valuers at $62,822,668 (2019 – $39,328,765).

The Hastings Business Centre in Barbados and 105 –107 Marcus Garvey Drive in Jamaica properties were acquired during the year.

Valuations were performed as at March 31, 2020 and September 30, 2020 by professional independent valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements. Due to the nature of the process, valuations may differ between professional valuers.

(expressed in Barbados dollars)

5 Investment properties…*continued*

Valuation techniques used to derive level 3 fair values

Level 3 fair values of land and buildings have been derived using the income approach. The income approach encompasses consideration of the direct capitalisation and the discount cash flow valuation methods. The income approach utilises the current actual and potential rents for the net rentable space in the buildings and calculates the value of the property based on a return on investment that an investor would anticipate. The inputs utilised in this method are as follows:

- Future rental cash inflows based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
- Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
- Estimated vacancy rates based on current and expected future market conditions after expiry of any current lease;
- Maintenance costs including necessary investments to maintain functionality of the property for its expected useful life;
- Capitalisation rates based on actual location, size and quality of the properties and taking into account market data at the valuation date;
- Terminal value taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

The below table provides information about fair value measurements using significant unobservable inputs (Level 3).

			Level 3– Range of unobservable inputs	
Description	**Valuation $**	**Valuation technique**	**Long– term net operating income margin**	**Capitalisation rate for terminal value**
September 30, 2020				
Carlisle House	7,350,000	Sales comparison	2.96%	10.00%
No. 24 Broad Street	8,000,000	Income capitalization	92.72%	8.75%
The Chattel Village	1,360,000	Income capitalization	32.34%	–
Alamac Property	4,400,000	Income capitalization	85.84%	8.75%
Hastings Business Centre	9,450,000	Income capitalization	100.00%	8.25%
Angels Pen	8,382,467	Income capitalization and sales comparison	–	–
105 –107 Marcus Garvey	13,288,840	Income capitalization	–	–
227 Marcus Garvey Drive	3,086,786	Income capitalization	–	–
Empire Plaza	7,504,575	Income capitalization and sales comparison	–	–

(expressed in Barbados dollars)

5 Investment properties*…continued*

Valuation techniques used to derive level 3 fair values*…continued*

			Level 3– Range of unobservable inputs	
Description	**Valuation $**	**Valuation technique**	**Long– term net operating income margin**	**Capitalisation rate for terminal value**
September 30, 2019				
Carlisle House	7,555,000	Income capitalization and sales comparison	34%	9.00%
No. 24 Broad Street	8,380,000	Income capitalization	92%	8.50%
The Chattel Village	1,460,000	Income capitalization	29%	–
Alamac Property	4,355,000	Income capitalization	85%	8.75%
Angels Pen	7,145,112	Sales comparison, Residual method and Income capitalization	–	–
227 Marcus Garvey Drive	3,258,648	Income capitalization	–	–
Empire Plaza	7,175,006	Income capitalization	–	–

Valuation processes

The Group's investment properties were valued at March 30, 2020 and September 30, 2020 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's managers and investment advisors review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the Audit Committee (AC). Discussions of valuation processes and results are held between Audit Committee, the valuation team and the independent valuers at least once a year, in line with the Group's valuation policies disclosed in note (2f).

At each financial year end the valuation team:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report;
- holds discussions with the independent valuer.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

(expressed in Barbados dollars)

6 Real estate available for re–sale

The detailed portfolio of real estate available for re–sale is as follows:

2020	Cost $	Value at b/fwd $	Additions/ (disposals) $	Fair value gains/(losses) $	Value c/fwd $
Development Fund					
Developed properties:					
Lime Grove Hillside Villa	**1,802,994**	1,131,226	–	(74,656)	**1,056,570**
Apes Hill Polo Villa #3	**1,867,698**	1,123,210	–	(96,802)	**1,026,408**
Apes Hill Polo Villa #18	**1,350,000**	1,094,826	–	(44,857)	**1,049,969**
Land and properties under development:					
Wotton lands	**6,792,578**	5,303,800	–	(243,800)	**5,060,000**
Holders land	**1,826,375**	1,090,200	–	(105,800)	**984,400**
Rockley– Central area lands	**1,591,933**	949,900	–	(75,900)	**874,000**
Villas on the Green lands	**4,862,044**	2,685,037	–	40,889	**2,725,926**
		13,378,199	**–**	**(600,926)**	**12,777,273**

2019	Cost $	Value at b/fwd $	Additions/ (disposals) $	Fair value gains/(losses) $	Value c/fwd $
Development Fund					
Developed properties:					
Villas on the Green villas	**7,755,022**	2,203,223	(2,182,758)	(20,465)	**–**
Lime Grove Hillside Villa	**1,802,994**	920,000	79,235	131,991	**1,131,226**
Apes Hill Polo Villa #3	**1,867,698**	1,037,612	–	85,598	**1,123,210**
Apes Hill Polo Villa #18	**1,350,000**	1,079,500	–	15,326	**1,094,826**
Land and properties under development:					
Wotton lands	**6,792,578**	4,968,000	–	335,800	**5,303,800**
Holders land	**1,826,375**	966,000	–	124,200	**1,090,200**
Rockley– Central area lands	**1,591,933**	949,900	–	–	**949,900**
Villas on the Green lands	**4,862,044**	2,063,531	–	621,506	**2,685,037**
		14,187,766	**(2,103,523)**	**1,293,956**	**13,378,199**

Real estate available for re–sale is carried at lower of cost and net realisable value. During the year impairment tests on the carrying value of the real estate available for re–sale were performed. Based on these tests the real estate available for re–sale were subsequently adjusted to their net realisable values resulting in fair value losses of $600,926 (2019– $1,293,956) being recognised.

(expressed in Barbados dollars)

6 Real estate available for re–sale…*(continued)*

Valuations performed by professional valuers are utilised in the process of determining the net realisable value of the real estate available for re–sale. Due to the nature of the valuation process, valuations may differ between professional valuers. The effect on net income of an across the board 10% depreciation in the net realisable value of the Group's real estate available for re–sale would amount to $1,277,727 (2019 – $1,337,819).

7 Investment in subsidiaries

The Group has the following subsidiaries at September 30, 2020:

Name	Country of incorporation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares directly held by non–controlling interests (%)
Value Fund			
BET Building Joint Venture	Barbados	57%	43%
Alamac Properties Limited	Barbados	100%	–
Retirement Road Holdings Limited	St. Lucia	100%	–
Development Fund			
Fortress (St. Lucia) Limited	St. Lucia	100%	–
JK Holdings Limited	Barbados	100%	–

The Value Fund owns a 57% interest in The BET Building Joint Venture which was registered in Barbados on October 12, 2001. The total non–controlling interest for the year is $31,782 (2019–$32,480), which relates to the BET Joint Venture.

The Value Fund owns a 100% interest in Retirement Road Holdings Limited, a company incorporated in St. Lucia. This company owns the Empire Plaza, located at 1–3 Retirement Road, Kingston 5, Jamaica. Also acquired during the year is 100% interest in Alamac Properties Limited which is located at Fontabelle, St. Michael, Barbados.

The Development Fund owns a 100% interest in Fortress (St. Lucia) Limited, a company incorporated in St. Lucia. This company owns the Villas on the Green property which has been included in real estate available for re–sale (note 6).

The Development Fund owns a 100% interest in JK Holdings Limited, a company incorporated in Barbados. This company owns the Holders lands which has been included in real estate available for re–sale (note 6).

All subsidiary undertakings are included in the consolidated statements of the Value Fund and the Development Fund. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

(expressed in Barbados dollars)

7 Investment in subsidiaries…*continued*

Summarised financial information on subsidiaries with material non–controlling interests

Set out below are the summarised financial information for each subsidiary that has non–controlling interests that are material to the Group.

Summarised statement of financial position:

	The BET Building Joint Venture 2020 $	The BET Building Joint Venture 2019 $
Current		
Assets	98,964	94,309
Liabilities	(25,053)	(18,775)
Total current net assets	**73,911**	**75,534**
Non–current		
Assets	–	–
Liabilities	–	–
Total non–current net assets	–	**–**
Total net assets	**73,911**	**75,534**

Summarised statement of comprehensive income:

	The BET Building Joint Venture 2020 $	The BET Building Joint Venture 2019 $
Revenue	–	90,890
Expenses	(1,624)	(14,321)
Total comprehensive income for the year	**(1,624)**	**76,569**
Total comprehensive income allocated to non–controlling interests	**(698)**	**32,926**
Distributions paid to non–controlling interests	**–**	**(2,902,501)**

(expressed in Barbados dollars)

7 Investment in subsidiaries…*continued*

Summarised cash flows:

	The BET Building Joint Venture 2020 $	The BET Building Joint Venture 2019 $
Cash flows from operating activities:		
Cash used in operating activities	(45,782)	(86,753)
Net decrease in cash and cash equivalents	**(45,782)**	**(86,753)**
Cash and cash equivalents – beginning of year	**45,782**	**132,535**
Cash and cash equivalents – end of year	**–**	**45,782**

The information above is the amount before inter–company eliminations.

8 Investments in associated companies and joint arrangements

The amounts recognised in the consolidated statement of financial position are as follows:

	Value Fund $	Development Fund $
September 30, 2020		
Associates	–	3,113,435
Joint ventures	17,291,276	1,696,019
	17,291,276	**4,809,454**
The amounts recognised in the consolidated statement of comprehensive income are as follows:		
Joint ventures	**(2,533,627)**	**(42,464)**
September 30, 2019		
Associates	–	3,123,774
Joint ventures	21,234,890	1,728,144
	21,234,890	**4,851,918**
The amounts recognised in the consolidated statement of comprehensive income are as follows:		
Joint ventures	**2,947,930**	**(1,443)**

i) Investment in associates

Set out below are the associates of the Group as at September 30, 2020, which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements…*continued*

i) Investment in associates…continued

The nature of investment in associates:

Name of entity	Place of business	Percentage of ownership interest	Measurement method	2020 $	2019 $
Development Fund					
Contonou Shores Ltd.	Canouan Island, St.Vincent and the Grenadines	35%	Equity	2,920,556	2,947,696
Canouan CS&F Investments Limited	Canouan Island, St.Vincent and the Grenadines	35%	Equity	192,879	176,078
Rockley Development Limited	Barbados	50%	Equity	-	-
				3,113,435	3,123,774

The Development Fund has a 35% interest in Contonou Shores Ltd, a company domiciled in the St. Vincent. This company owns land on Canouan Island, St. Vincent and the Grenadines which is classified as available for sale.

The Development Fund has a 35% interest in Canouan CS&F Investments Limited. This company owns land on Canouan Island, St. Vincent and the Grenadines which is classified as available for sale.

The Development Fund has a 50% interest in Rockley Development Limited. The company was formed to facilitate the renovations of buildings at Orange Hill in Rockley.

Contonou Shores Ltd, Canouan CS&F Investments Limited and Rockley Development Limited are private companies and there is no quoted market price available for the shares.

There are no contingent liabilities relating to the Group's interest in the associates.

ii) Investment in joint ventures

	2020 $	2019 $
Value Fund		
At October 1	21,234,890	19,997,671
Distribution of profits	(1,409,987)	(1,710,711)
Share of (loss)/profit	(2,533,627)	2,947,930
At September 30	**17,291,276**	**21,234,890**
Development Fund		
At October 1	4,851,918	5,573,363
Share of loss on investment	(32,126)	(1,443)
Share of expenses	(10,338)	–
Distribution of profits	–	(720,002)
At September 30	**4,809,454**	**4,851,918**

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements*…continued*

ii) Investment in joint ventures…continued

The joint ventures listed below have share capital consisting solely of ordinary shares, which is held directly by the Group.

Name of entity	Place of business	Percentage of ownership interest	Measurement method
Value Fund			
The Sunset Joint Venture	Barbados	24%	Equity
The CS&C Joint Venture– account 1	Barbados	36%	Equity
Emerald City Trust	Barbados	30%	Equity
Development Fund			
The CS&C Joint Venture– account 2	Barbados	36%	Equity

The Value Fund has a 24% (2019: 24%) interest in a joint venture partnership called The Sunset Joint Venture. The partnership was formed to facilitate the purchase of the Sunset Mall, a commercial property at Sunset Crest, St. James.

The Group has a 36% (2019 – 36%) interest in a joint venture partnership called The CS&C Joint Venture. The partnership was formed to facilitate the purchase of land and buildings previously owned by Cave Shepherd and Co. Ltd. and Carter Holdings Limited. The partnership has 7.6 acres of undeveloped land at Lower Estate and the Cave Shepherd building at 10–14 Broad Street.

Following the split of the Group on October 1, 2013, into a segregated cell company, the assets of the joint arrangements were allocated to each cell based on the investment objective of each cell as well as the characteristics of the underlying properties of the arrangements. As a result certain properties within the CS&C Joint Venture were split between the Value Fund and the Development Fund. At the time of the formation of the cell entities the rights to the property held for re–sale in the CS&C Joint Venture were allocated to the Development Fund. Together both cells own 36% (2019: 36%) of the CS&C Joint Venture.

The Value Fund has a 30% (2019: 30%) beneficial interest in The Emerald City Trust. The Trust was formed to facilitate the purchase of the Emerald City Mall, a commercial property at Six Cross Roads, St. Philip, Barbados.

The above entities are private companies and there is no quoted market price available for their shares.

Summarised financial information for joint ventures

Set out below are the summarised financial information for joint ventures which are accounted for using the equity method.

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements…*continued*

ii) Investment in joint ventures...continued

Summarised statements of financial position:

	The Sunset Joint Venture $	The CS&C Joint Venture $	The Emerald City Trust Joint Venture $
September 30, 2020			
Assets			
Investment properties	14,600,000	42,400,000	26,200,000
Real estate available for re–sale	–	4,746,864	–
Due from related party	3,084,263	5,960	–
Accounts receivable and prepaid expenses	31,807	36,361	91,775
Cash and cash equivalents	734,710	470,598	1,298,790
Total assets	**18,450,780**	**47,659,783**	**27,590,565**
Liabilities			
Loans payable	3,954,119	14,231,185	14,194,324
Capital reserve fund	–	–	165,000
Accounts payable and accrued expenses	20,841	54,628	1,569,678
Total liabilities	**3,974,960**	**14,285,813**	**15,929,002**
Total assets less liabilities	**14,475,820**	**33,373,970**	**11,661,563**

	The Sunset Joint Venture $	The CS&C Joint Venture $	The Emerald City Trust Joint Venture $
September 30, 2019			
Assets			
Investment properties	14,535,000	53,050,000	26,320,000
Real estate available for re–sale	–	4,746,864	–
Due from related party	3,292,077	–	–
Accounts receivable and prepaid expenses	(6,730)	38,376	4,000
Cash and cash equivalents	1,223,175	2,018,573	871,755
Total assets	**19,043,522**	**59,853,813**	**27,195,755**
Liabilities			
Loans payable	4,220,829	15,580,493	14,607,094
Capital reserve fund	–	–	105,000
Accounts payable and accrued expenses	20,731	86,837	805,563
Total liabilities	**4,241,560**	**15,667,330**	**15,517,657**
Total assets less liabilities	**14,801,962**	**44,186,483**	**11,678,098**

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements…*continued*

ii) Investment in joint ventures...continued

The loans payable in the CS&C Joint Venture include $3,084,263 (2019– $3,292,077) payable to the Sunset Joint Venture. The loan was subordinated to the RBTT Merchant Bank loan but is subject to the terms and conditions of the credit facility between the RBC Royal Bank (Barbados) Ltd and the Sunset Joint Venture. Loans payable in the CS&C Joint Venture also includes $11,146,922 (2019 – $12,288,416) payable to RBC Royal Bank (Barbados). The loan is at a fixed rate of 4% per annum. It is collateralized by First Debenture Mortgage over the fixed and floating assets of The CS&C Joint Venture incorporating a specific charge over property known as Cave Shepherd Broad Street Building.

The loan payable in the Sunset Joint Venture is due to RBC Royal Bank (Barbados) Limited and secured by a first mortgage stamped to cover $6,350,000 over property at Sunset Crest #2 St. James.

The loan payable in the Emerald City Trust Joint Venture is due to FirstCaribbean International Bank (Barbados) Limited. This was to partially assist with the acquisition of Emerald City Shopping Complex and "Block D" ("the Properties"). The loan is secured by first registered mortgage stamped to cover $15,797,250 over the properties (Emerald City and Block "D").

Summarised statements of comprehensive income:

	The Sunset Joint Venture $	The CS&C Joint Venture $	The Emerald City Trust Joint Venture $
September 30, 2020			
Revenue			
Net rental income	682,754	2,643,752	2,235,000
Fair value gains/(losses) on investment property	65,000	(10,650,000)	(120,000)
Interest income	158,118	–	–
Total investment income	**905,872**	**(8,006,248)**	**2,115,000**
Expenses			
Interest expense	203,101	615,939	587,166
Net carrying costs of real estate available for re–sale	–	146,342	–
Professional fees	21,598	28,850	43,900
Other operating expenses	7,314	15,135	513
Operating expenditure	**232,013**	**806,266**	**631,579**
Total comprehensive income/(loss) for the year	**673,859**	**(8,812,514)**	**1,483,421**

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements…*continued*

ii) Investment in joint ventures...continued

Summarised statements of comprehensive income: *...continued*

	The Sunset Joint Venture $	The CS&C Joint Venture $	The Emerald City Trust Joint Venture $
September 30, 2019			
Revenue			
Net rental income	1,190,335	4,700,004	2,235,000
Fair value gains on investment property	2,159,910	550,000	179,978
Gain on sale of property	–	102,434	–
Interest income	177,195	–	–
Total investment income	**3,527,440**	**5,352,438**	**2,414,978**
Expenses			
Interest expense	227,117	719,588	601,069
Net carrying costs of real estate available for re–sale	–	134,691	–
Professional fees	9,500	24,500	55,185
Other operating expenses/(income)	26,154	15,296	(129,138)
Operating expenditure	**262,771**	**894,075**	**527,116**
Total comprehensive income for the year	**3,264,669**	**4,458,363**	**1,887,862**

Reconciliation of summarised financial information
Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture.

	The Sunset Joint Venture $	The CS&C Joint Venture $	The Emerald City Trust Joint Venture $
Summarised financial information			
Opening net assets October 1, 2019	**14,801,962**	**44,186,483**	**11,678,098**
Comprehensive income/(loss) for the year	673,859	(8,812,514)	1,483,421
Distributions	(1,000,000)	(2,000,000)	(1,499,955)
Closing net assets September 30, 2020	**14,475,821**	**33,373,969**	**11,661,564**
Interest in joint venture	24%	36%	30%
Carrying value – Value Fund	**3,474,197**	**10,318,611**	**3,498,468**
Carrying value – Development Fund	**–**	**1,696,019**	**–**

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements…*continued*

ii) Investment in joint ventures...continued

Reconciliation of summarised financial information...*continued*

	The Sunset Joint Venture $	The CS&C Joint Venture $	The Emerald City Trust Joint Venture $
Summarised financial information			
Opening net assets October 1, 2018	**12,337,293**	**44,691,602**	**11,296,435**
Profit for the year	3,264,669	4,458,363	1,887,862
Distributions	(800,000)	(4,963,482)	(1,506,199)
Closing net assets September 30, 2019	**14,801,962**	**44,186,483**	**11,678,098**
Interest in joint venture	24%	36%	30%
Carrying value – Value Fund	**3,552,471**	**14,178,990**	**3,503,429**
Carrying value – Development Fund	**–**	**1,728,144**	**–**

Name	Country of incorporation	Percentage of ownership interest
Development Fund		
Rockley Joint Venture	Barbados	50%

The Development Fund has a 50% interest in a joint venture partnership called the Rockley Joint Venture. The partnership was formed to facilitate the purchase of land and buildings at Rockley.

Nature of investment in joint operations

The Group has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The Group's joint arrangement is not structured as a separate company. The agreement between the parties provides the Group and the parties to the agreements with rights to the assets and liabilities of the limited company under the arrangements. Therefore, this arrangement is classified as a joint operation.

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements…*continued*

ii) Investment in joint ventures*...continued*

Nature of investment in joint operations...continued

The Development Fund's share of results of its joint operations, its aggregated assets, liabilities and is as follows:

	Assets $	Liabilities $	Revenues $	Investment loss $	Profit/(loss) $	% Interest held
September 30, 2020	942,802	342,091	37,239	(75,900)	(83,359)	50%
September 30, 2019	1,010,878	326,807	49,437	–	12,911	50%

9 Cash and cash equivalents

	Value Fund		Development Fund	
	2020 $	2019 $	2020 $	2019 $
Cash and bank balances	2,496,921	6,280,578	1,691,546	2,562,170
Repurchase agreements	21,392,009	27,972,904	–	–
	23,888,930	34,253,482	1,691,546	2,562,170
Less: Interest receivable	–	(31,735)	–	–
	23,888,930	**34,221,747**	**1,691,546**	**2,562,170**

Cash and cash equivalents are placed with leading regional commercial banks. There were no effective yields on cash at bank in 2020 and 2019. Cash equivalents consists of repurchase agreements of maturity less than three (3) months. A repurchase agreement is a sale and repurchase agreement in government securities. These attracted effective interests of ranging between 1.65% and 3.6% (2019: 0.1% and 3.65%) per annum.

10 Marketable securities

Marketable securities were placed with leading regional financial institutions. This amount was comprised of a Repurchase Agreement denominated in US dollars, with an investment tenure of nil: 98 days and an effective interest rate of 3.65% per annum. The securities matured during 2020.

11 Loan receivable

The loan receivable comprised of a vendor's mortgage held in 693STR Limited, for the purchase of property located at 693 Spanish Town Road, Kingston 11, Jamaica. This property was purchased during the current financial year and serves as the collateral security on the loan. Interest is charged at a rate of 8% per annum. In the comparative period, the loan receivable comprised of a vendor's mortgage held in the BET joint venture which related to the sale of the CWBET building during the prior financial year. The collateral security on the loan was the CWBET building, Wildey, St. Michael.

(expressed in Barbados dollars)

12 Accounts receivable and prepaid expenses

	Value Fund		Development Fund	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Rent receivable from tenants	150,775	493,008	24,500	–
Other receivables	179,283	67,773	398,094	382,540
Less: provision for impairment of receivables	(55,791)	(276,943)	–	–
	274,267	283,838	422,594	382,540
Prepaid expenses	125,001	106,908	53,561	56,581
Accounts receivables, net of provision for impairment	**399,268**	**390,746**	**476,155**	**439,121**

The estimated fair values of receivables are the discounted amounts of the estimated future cash flows expected to be received and approximate their carrying amounts. All receivables are due within one year from the end of the reporting period.

As of September 30, 2020, within the Value Fund accounts receivables of $94,984 (2019 – $115,267) were considered to be recoverable as there are no indications that the debtors would not be able to fulfil their financial obligations in the foreseeable future However, accounts receivable of $55,791 (2019 – $276,943) were considered to be impaired as there is evidence that the debtor may not be able to fulfil this obligation in the foreseeable future.

As of September 30, 2020, within the Development Fund accounts receivables of $24,500 (2019 –$361,575) were considered to be recoverable as there are no indications that the debtors would not be able to fulfil their financial obligations in the foreseeable future. No amount was considered to be irrecoverable in the foreseeable future.

13 Accounts payable and accrued expenses

	Value Fund		Development Fund	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Accounts payable	592,918	356,427	163,411	153,167
Accrued expenses	153,462	139,118	26,699	14,551
Dividend payable	2,199,269	–	–	–
	2,945,649	**495,545**	**190,110**	**167,718**

The estimated fair values of the above financial liabilities are the discounted amounts of the estimated future cash flows expected to be received and approximate their carrying amounts.

(expressed in Barbados dollars)

14 Loans payable

	Value Fund 2020 $	2019 $
Bond payable		
Series 1 – 2021	3,020,000	3,020,000
Series 2 – 2023	3,022,500	3,022,500
Series 3 – 2020	4,537,500	4,537,500
	10,580,000	**10,580,000**
Bridge Loan		
Principal	–	148,125
Accrued interest	–	376
	10,580,000	**10,728,501**

The current portion due of loans payable amounts to $3,459,946 (2019 – $228,501) for the Value Fund. The Value Fund has an outstanding bond payable issued in three series. Series 1 carried an interest rate of 4% and an initial maturity date of July 31, 2018. The bond holders agreed to renew this Series for an additional 3 years with a maturity date of July 31, 2021. Series 2 carries an interest rate of 4.5% maturing July 31, 2023. Series 3 carries an interest rate of 5% matured July 31, 2020. The bond holders agreed to renew this Series for an additional 3 years with a maturity date of July 31, 2023. Interest is payable semi–annually in arrears and principal will be fully repaid on maturity. The collateral security on the bond is Carlisle House, Hincks Street, Bridgetown and No.24 Broad Street, Bridgetown.

The bridge facility was provided by NCB Capital Markets Limited (Jamaica), for the purpose of purchasing properties in Jamaica. The properties purchased were 227 Marcus Garvey Drive located at 227 Marcus Garvey Drive, Kingston 11, St. Andrew and Lots 5 & 6 part of Fairymead Farm, Angels, St. Catherine, respectively. The facility was provided for a period not exceeding 12 months. The loan matured during the year, and was fully repaid.

The fair values of the borrowings are not materially different to their carrying amounts since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short–term nature.

15 Dividends per share

As it relates to the Value Fund, dividends of $0.024 and $0.018 (2019 – $0.024) per share were declared and paid during the financial year. This amounted to a dividend totaling $5,122,644 (2019 – $1,335,666).

There were no dividends paid for the Development Fund in 2020 or 2019.

16 Net rental income

Net rental income earned in the Value Fund is shown net of direct property expenses of $1,700,666 (2019 – $1,208,968) incurred in managing the properties.

(expressed in Barbados dollars)

17 Net gains and carrying costs of real estate available for re–sale

All gains and carrying cost of real estate available for re–sale relate to the Development Fund.

The Villas on The Green development incurred net carrying costs of nil (2019 – $84,924) which comprises property, administrative and other holding costs and is shown net of nil (2019 – $48,592) of rental income. During the prior year, the remaining four units were sold for net proceeds $2,277,609, generating a loss of $112,414. There were no property sales during the current year.

The carrying costs also include $316,220 (2019 – $360,185) in property administration and other holding costs from other available for re–sale properties. Gain from the sale of properties during the period amounted to nil (2019 – $36,876 loss).

18 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.

During the year, fund management fees were paid to Eppley Fund Managers Limited amounting to $652,643 (2019 – $298,137) and $76,202 (2019 – $136,043) by the Value Fund and the Development Fund respectively.

During the year, investment advisor fees were paid to Eppley Fund Managers Limited amounting to $652,643 (2019 – $298,137) and $76,202 (2019 – $136,043) by the Value Fund and the Development Fund, respectively.

The amount due from related parties in the Value Fund of $754,247 (2019 – $518,605) are due from the Development Fund, Emerald City Trust Joint Venture and Eppley Fund Managers Limited in the amount of $415,565, $332,182, and $6,500, respectively (2019 – Development Fund and Emerald City Trust Joint Venture, $337,207 and $181,398, respectively). These amounts are interest free and are repayable on demand.

Directors and subcommittee fees of $3,200 (2019 – $2,560) and $800 (2019 – $1,440) were paid during the year by the Value Fund and the Development Fund respectively. Directors' interest (including beneficial interests) in the segregated cellular shares are as follows:

(expressed in Barbados dollars)

18 Related party transactions…*continued*

	Number of shares at start of year	Number of shares purchased in the year	Number of shares at year end
Shareholder			
Value Fund			
Directors	1,207,826	1,759,641	2,967,467
Development Fund			
Directors	5,194,770	–	5,194,770

19 Share capital

On September 24, 2013, at a special meeting of the shareholders of the Class "A" shares, the proposal to divide the Company into a segregated cell company was approved. As a result, effective October 1, 2013, the Company was converted in a segregated cell company namely Fortress Caribbean Property Fund Limited SCC (the Group). The Group is divided into two cells, Fortress Caribbean Property Fund– Value Fund (the Value Fund) and Fortress Caribbean Property Fund –Development Fund (the Development Fund). Each share previously owned by the Class "A" shareholders has been replaced by one share in the Value Fund and one share in the Development Fund.

The split of the Group into the two cells is currently reflected on the Barbados Stock Exchange, the Company's primary exchange listing. Trading on the Trinidad and Tobago Stock Exchange has been suspended. Each share will trade independently.

A public invitation for subscription was made by Eppley Caribbean Property Limited SCC via prospectus dated June 14, 2019, in Jamaica in respect of cellular shares in the Value Fund at the price of J$46.18 per share. The offer closed on July 31, 2019, consequently contributing to an increase of 66,528,860 units of shares issued. During the year, there was an additional issuance of 15,447,465 units at Net Asset Value per share of $0.69.

	2020		2019	
	Number of shares	$	Number of shares	$
Value Fund Shares				
Authorised				
An unlimited number of cellular shares of no par value				
Issued and outstanding	136,998,472	93,259,667	122,181,628	83,128,128
Development Fund Shares				
Authorised				
An unlimited number of cellular shares of no par value				
Issued and outstanding	54,349,890	28,626,291	54,349,890	28,626,291

(expressed in Barbados dollars)

19 Share capital…*continued*

The Group is authorised to issue 100 common shares and an unlimited number of cellular shares divided into the Value Fund and the Development Fund cells. The common shares are held by the Investment Advisor and Fund Manager, and no common share can be transferred to any person other than another investment advisor or fund manager. The holders of the common shares have the voting rights. Each common share entitles the holder to one vote per share. The holders of the common shares are not entitled to receive dividends.

The Value Fund shares

The holders of Value Fund shares have an interest in the undivided portion of assets of the related segregated cell. These shares secure an equal share in distribution of net income and net capital gains and participate equally in all other respects. Value Fund shares may not be redeemed by the shareholders, but they may be traded on the Barbados, Trinidad and Tobago and the Jamaica Stock Exchange or any other stock exchange as the Directors may determine.

The rights and privileges of the Value Fund shareholders are equal in all respects and include the right to:

1) To receive notice of and attend all meetings of shareholders of the Group but not to vote at any such meeting except on the matters particularly set out hereinafter:

   - The liquidation of the Value Fund;
   - The winding up of the company;
   - The reconstruction of the company, and/or the amalgamation of the company and/or the Value Fund with any other company or mutual fund.

2) To receive cellular dividends when declared by directors.

3) Upon liquidation, dissolution or winding up of the Group or other distribution of the assets of the Group for the purpose of winding up its affairs, the Value Fund shareholders shall be entitled to receive after payment of all the liabilities of the Group attributable to the Value Fund, the assets represented by the stated capital and reserves attributable to the Value Fund.

The Development Fund shares

The holders of the Development Fund shares have an interest in the undivided portion of assets of the related segregated cell. These shares secure an equal share in distribution of net income and net capital gains and participate equally in all other respects. Development Fund shares may not be redeemed by the shareholders, but may be traded on the Barbados, Trinidad and Tobago Stock Exchange or any other stock exchange as the Directors may determine.

The rights and privileges of the Development Fund shareholders are equal in all respects and include the right to:

1) To receive notice of and attend all meetings of shareholders of the Group but not to vote at any such meeting except on the matters particularly set out hereinafter:
   - The liquidation of the Development Fund;
   - The winding up of the company;
   - The reconstruction of the company, and/or the amalgamation of the company and/or the Development Fund with any other company or mutual fund.

(expressed in Barbados dollars)

19 Share capital…*continued*

The Development Fund shares…*continued*

2) To receive cellular dividends when declared by directors.
3) Upon liquidation, dissolution or winding up of the Group or other distribution of the assets of the Group for the purpose of winding up its affairs, the Development Fund shareholders shall be entitled to receive after payment of all the liabilities of the Group attributable to the Development Fund, the assets represented by the stated capital and reserves attributable to the Development Fund.

20 Earnings per share and net asset value

Basic earnings per share is calculated by dividing the net profit attributable to the shareholders by the weighted average number of cellular shares in issue during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There are no 'unpurchased' shares to be added to the cellular shares outstanding for the purpose of computing diluted earnings per share.

Basic and diluted earnings per share are calculated as follows:

	Value Fund		Development Fund	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Comprehensive income/(loss) attributable to shareholders	1,891,085	3,850,266	(1,334,357)	573,836
Weighted average number of Class "A" shares in issue	122,950,523	63,308,144	54,349,890	54,349,890
Basic and diluted earnings per share	0.02	0.06	(0.02)	0.01
Net asset value	94,850,965	88,088,526	19,111,003	20,445,360
Net asset value per share	0.69	0.72	0.35	0.38

21 Subsequent events

In December 2020, the Value Fund signed a sale agreement for a 50% stake in Mall Plaza, a commercial property located in Kingston, Jamaica.

The World Health Organization declared the Coronavirus to be a global pandemic in March 2020. The pandemic has resulted in a significant downturn in commercial activity as there is currently no cure, and the means most recommended to manage contagion is social distancing. Reduction in economic activity will have negative global consequences.

Management continues to review the effect of developments arising from the pandemic on the risks faced by the Group. Management believes the Group is in a sufficiently strong position to deal with the possible significant economic downturn. However, management is aware that a long duration of the pandemic and the associated containment measures could have a material adverse effect on the Group and its tenants. Based on the aforementioned, the Group remains a going concern and is expected to continue as such for the foreseeable future.