

**National Investment Fund Holding Company Limited**

**Audited Financial Statements**

For the year ended December 31, 2020

*(Expressed in Trinidad and Tobago Dollars)*

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Audited Financial Statements

For the year ended December 31, 2020

*(Expressed in Trinidad and Tobago Dollars)*

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# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Statement of Management's Responsibilities Year ended December 31, 2020

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Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of National Investment Fund Holding Company Limited, (the "Company") which comprise the statement of financial position as at December 31, 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures the security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.


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

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

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



Director  
March 25, 2021



Director  
March 25, 2021

## Independent Auditor's Report

To the Shareholder of  
National Investment Fund Holding Company Limited

### Opinion

We have audited the financial statements of National Investment Fund Holding Company Limited, (the "Company") which comprise the statement of financial position as at December 31, 2020, the related statements of comprehensive income, changes in equity and cash flows for the year then ended and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

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

### Key Audit Matters

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

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

The Company's investment in TGU represents 22% of its financial assets and 21% of its total assets as at December 31, 2020. TGU is privately held and in the absence of recent trading activity of TGU shares, management has determined the fair value of the investment in TGU as at December 31, 2020 by updating a valuation previously carried out on TGU as at July 31, 2017 by external independent valuers with actual and newly forecasted data available as at December 31, 2020. The resulting valuation assessment was critiqued by an independent suitably qualified consultant to ensure appropriateness of the methodology used. Given the significant measurement uncertainty involved in the valuation of this investment, the said valuation was significant to our audit.

We focused our work on reviewing the validity of the expert valuation report of 2017 as well as the updated December 31, 2020 assessment provided by management. We corroborated the inputs used by the valuator as well as by management in its updated income approach assessment which projected TGU's discounted cash flows through to the 2056 financial year. We found that the valuation methodology was suitable and actual operating results of TGU up to the 2020 financial year as well as the projected results beyond the 2020 financial year were in accordance with the cash flow forecasts used by management in determining the future discounted cash flows for TGU. The carrying value of the TGU investment as disclosed in notes 1, 2 and 5 of these financial statements was found to be materially stated when compared to the resulting TGU valuation assessment as at December 31, 2020.



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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



*Independent Auditor's Report (continued)*

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

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

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

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

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



March 25, 2021

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

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Statement of Financial Position

As at December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

	Notes	2020 '000	2019 '000
<b>Assets</b>			
<b>Non-current assets</b>			
Office equipment	4	12	19
Financial assets			
- Fair value through profit or loss	5	9,327,309	9,292,801
- Amortised cost	5	96,194	56,957
<b>Total non-current assets</b>		<b>9,423,515</b>	<b>9,349,777</b>
<b>Current assets</b>			
Other receivables		1,886	513
Cash and cash equivalents	6	135,316	178,845
<b>Total current assets</b>		<b>137,202</b>	<b>179,358</b>
<b>Total assets</b>		<b>\$9,560,717</b>	<b>\$9,529,135</b>
<b>Equity</b>			
Stated capital	7	3,940,967	3,940,967
Reserves	8	5,000	5,000
Retained earnings		1,526,823	1,494,651
<b>Total equity</b>		<b>5,472,790</b>	<b>5,440,618</b>
<b>Non-current liabilities</b>			
Bonds payable	10	3,968,854	3,964,394
Deferred government subventions	11b.	31,146	35,606
<b>Total non-current liabilities</b>		<b>4,000,000</b>	<b>4,000,000</b>
<b>Current liabilities</b>			
Other payables		341	256
Accrued bond interest		87,586	88,261
<b>Total current liabilities</b>		<b>87,927</b>	<b>88,517</b>
<b>Total equity and liabilities</b>		<b>\$9,560,717</b>	<b>\$9,529,135</b>

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

On March 25, 2021, the Board of Directors of National Investment Fund Holding Company Limited authorized these financial statements for issue:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Statement of Comprehensive Income

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

	Notes	2020 '000	2019 '000
<b>Income</b>			
Dividend income	12	222,772	303,675
Interest income		2,695	1,002
Government subventions utilised	13	4,460	6,400
Net unrealised gains on financial assets at fair value through profit or loss	14	34,508	1,142,775
<b>Total income</b>		<b>264,435</b>	<b>1,453,852</b>
<b>Expenses</b>			
Operating expenses	15	(4,077)	(4,052)
Finance costs		(228,186)	(227,976)
<b>Total expenses</b>		<b>(232,263)</b>	<b>(232,028)</b>
<b>Total comprehensive income for the year</b>		<b>\$32,172</b>	<b>\$1,221,824</b>

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



## NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

### Statement of Changes in Equity

For the year ended December 31, 2020

*(Expressed in Trinidad and Tobago Dollars)*

	Stated Capital '000	Retained earnings '000	Reserves '000	Total '000
<b>Year ended December 31, 2020:</b>				
Balance as at January 1, 2020	3,940,967	1,494,651	5,000	5,440,618
Total comprehensive income for the year	-	32,172	-	32,172
<b>Balance as at December 31, 2020</b>	<b>\$3,940,967</b>	<b>\$1,526,823</b>	<b>\$5,000</b>	<b>\$5,472,790</b>
<b>Year ended December 31, 2019:</b>				
Balance as at January 1, 2019	3,940,967	272,827	5,000	4,218,794
Total comprehensive income for the year	-	1,221,824	-	1,221,824
<b>Balance as at December 31, 2019</b>	<b>\$3,940,967</b>	<b>\$1,494,651</b>	<b>\$5,000</b>	<b>\$5,440,618</b>

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

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Statement of Cash Flows

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

	2020 '000	2019 '000
<b>Cash flows from operating activities</b>		
Total comprehensive income for the year	32,172	1,221,824
<i>Adjustments to reconcile net profit for the year to net cash used in operating activities:</i>		
Depreciation of office equipment	7	3
Net unrealised gain on financial assets at fair value though profit or loss	(34,508)	(1,142,775)
Bond interest recognised at amortised cost	223,725	223,516
<i>Changes in working capital:</i>		
Increase in other receivables	(1,373)	(457)
Increase in other payables	85	228
Decrease in deferred government subventions	-	(1,940)
<b>Net cash from operating activities</b>	<b>220,108</b>	<b>300,399</b>
<b>Cash flows from investing activities</b>		
Acquisition of financial assets at amortised cost	(39,237)	(56,957)
Acquisition of office equipment	-	(22)
<b>Net cash used in investing activities</b>	<b>(39,237)</b>	<b>(56,979)</b>
<b>Cash flows from financing activities</b>		
Bond interest paid	(224,400)	(224,400)
<b>Net cash used in financing activities</b>	<b>(224,400)</b>	<b>(224,400)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(43,529)</b>	<b>19,020</b>
<b>Cash and cash equivalents</b>		
Beginning of year	178,845	159,825
<b>End of year</b>	<b>\$135,316</b>	<b>\$178,845</b>

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

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

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### 1. Description of the Company

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

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

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

### 2. Summary of significant accounting policies

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

#### 2.1 Basis of preparation

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

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

##### *(a) Use of estimates*

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

##### *(b) New standards, amendments and interpretations which are effective from January 1, 2020, and have been adopted by the Company*

There were no new standards, amendments and interpretations which are effective from January 1, 2020 and have been adopted by the Company.

##### *(c) Standards, amendments and interpretations issued which are effective after January 1, 2020, and have been early adopted by the Company.*

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

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

*(d) Standards, amendments and interpretations issued which are effective from January 1, 2020, and not relevant to the Company*

- (i) Amendments to References to the Conceptual Framework in IFRS Standards. Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards which contained amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.
- (ii) IFRS 3 'Definition of a Business' - the *defined terms* were amended to help entities determine whether an acquired set of activities and assets is a business or not by clarifying the minimum requirements for a business.
- (iii) IAS 1 and IAS 8 'Definition of Material' - Amended to clarify the definition of 'material' and align with the definition used in the Conceptual Framework and the standards.
- (iv) IFRS 9, IAS 39 and IFRS 7 'Interest Rate Benchmark Reform' - Amended to clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.
- (v) IFRS 16 'Covid-19 Related Rent Concessions' - The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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

- (i) IAS 1 'Presentation of Financial Statements' (effective for years beginning on or after January 1, 2023). Amended to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- (ii) IFRS 3 'Reference to Conceptual Framework' (effective for years beginning on or after January 1, 2022). Amended to replace an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

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

- (iii) IAS 16 '*Property, Plant and Equipment*' - (effective for years beginning on or after January 1, 2022). Amended *Proceeds before intended use* to prohibit deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- (iv) Amendments to IAS 37 '*Onerous Contracts - Costs of Fulfilling a Contract*' (effective for years beginning on or after January 1, 2022). Applied a '*directly related cost approach*' clarifying that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.
- (v) IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 '*Interest Rate Benchmark Reform-Phase 2*' (effective for years beginning on or after January 1, 2021). Amended to introduce a practical expedient for modifications required by the reform, clarified that hedge accounting is not discontinued solely because of the IBOR reform, and introduced disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.
- (vi) Annual improvements to IFRS Standards 2018-2020 (effective for years beginning on or after January 1, 2022).  

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

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

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

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

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

- (vii) IFRS 17 'Insurance Contracts' (effective for years beginning on or after January 1, 2023). Introduces new standard on accounting for insurance contracts, covering recognition and measurement, presentation and disclosure, which will replace IFRS 4, Insurance Contracts.

#### 2.2 Foreign currency

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

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

##### (b) *Transactions and balances*

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

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

#### 2.3 Financial assets and financial liabilities

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

##### (i) *Financial assets*

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

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

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

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of significant accounting policies (continued)

#### 2.3 Financial assets and financial liabilities (continued)

##### (i) Financial assets (continued)

###### - Amortised cost

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

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

Assets that are held for collection of contractual cash flows and for selling the assets, where the asset cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at FVOCI. Movements in the carrying amounts are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss and recognised in "interest income" on the statement of comprehensive income. The interest income from these financial assets is included in "interest income" using the effective interest rate method. As at December 31, 2020 and 2019 the Company did not hold any FVOCI.

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

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

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of significant accounting policies (continued)

#### 2.3 Financial assets and financial liabilities (continued)

##### (i) *Financial assets (continued)*

###### *Equity instruments*

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

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

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

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

##### *a) Investments in Associates*

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

The Company has more than 20% shareholding in three companies - Republic Financial Holdings Limited, One Caribbean Media Limited and Angostura Holdings Limited and thus classified these companies as Associates in accordance with IAS 28. Associates are usually accounted for using the equity method of accounting; however, the Company has elected to adopt the exception under IAS 28 and has valued these financial assets at fair value.

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

##### *b) Investment in Subsidiary*

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

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

##### *c) Other equity investment*

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



# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of significant accounting policies (continued)

#### 2.3 Financial assets and financial liabilities (continued)

##### (i) *Financial assets (continued)*

###### *Debt instruments*

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

Classification and subsequent measurement of debt instruments depend on:

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

###### *Company's business model*

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

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

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

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

###### *Solely payments of principal and interest (SPPI)*

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

###### *Cash and cash equivalents*

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

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of significant accounting policies (continued)

#### 2.3 Financial assets and financial liabilities (continued)

##### (i) *Financial assets (continued)*

###### ***Other receivables excluding prepayments***

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

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

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

###### **Impairment**

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

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

##### (ii) *Financial liabilities*

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

###### **Other payables and accrued bond interest**

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

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

###### **Bonds payable**

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

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of significant accounting policies (continued)

#### 2.3 Financial assets and financial liabilities (continued)

##### (iii) Determination of fair value

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

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and these prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

Indicators that a market is inactive are when there is a wide bid-offer spread or a significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques using input existing at year-end.

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

#### 2.4 Office equipment

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

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

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

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

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

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

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

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

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### 2. Summary of significant accounting policies (continued)

#### 2.5 Revenue recognition

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

(i) Dividend income

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

(ii) Interest income

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

(iii) Government subventions

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

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

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

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

#### 2.6 Deferred government subventions

Deferred government subventions represent unused subvention funds as previously advanced by the government to the Company. The deferred government subvention will be systematically recognised on a straight-line basis in the statement of comprehensive income simultaneously with the recognition of bond interest expense.

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

#### 2.7 Stated Capital

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

#### 2.8 Provisions

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

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

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

### 2. Summary of significant accounting policies (continued)

#### 2.9 Expenses

Expenses are accounted for on an accrual basis.

#### 2.10 Taxation

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

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

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

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

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

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

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

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

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

### 4. Office equipment

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

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

### 4. Office equipment (continued)

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

### 5. Financial assets

#### a. Financial assets at fair value through profit or loss

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

During the year ended December 31, 2020, an unrealised fair value gain of \$34.5m (2019: \$1.1b) was recognised on the statement of comprehensive income, bringing the accumulated unrealised fair value gain to \$1.4b (2019: \$1.4b) and the total value of the FVPL to \$9.3b (2019: \$9.3b) at the year ended December 31, 2020.

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

### 5. Financial assets (continued)

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

Balance at December 31,	No. of Shares	Share Price	2020 '000	2019 '000
<b>Investment in associates:</b>				
Angostura Holdings Limited	61,677,011	\$16.40	1,011,503	999,168
One Caribbean Media Limited	15,285,917	\$4.84	73,984	129,930
Republic Financial Holdings Limited	42,475,362	\$134.99	5,733,749	5,573,617
<b>Investment in subsidiary:</b>				
Trinidad Generation Unlimited	189,400,000		2,025,000	2,025,000
<b>Other equity investments:</b>				
West Indian Tobacco Company Limited	13,646,136	\$35.40	483,073	565,086
			<u>\$9,327,309</u>	<u>\$9,292,801</u>
<b>Movement during the year</b>			2020 '000	2019 '000
Balance at the beginning of year			9,292,801	8,150,026
Net unrealised gains on financial assets at fair value			34,508	1,142,775
<b>Balance at the end of year</b>			<u>\$9,327,309</u>	<u>\$9,292,801</u>

#### b. Financial assets at amortised cost

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

Balance at December 31,	2020 '000	2019 '000
Government debt securities	95,187	55,948
Corporate debt securities	1,007	1,009
<b>Balance at the end of year</b>	<u>\$96,194</u>	<u>\$56,957</u>
<b>Movement during the year</b>		
Balance at January 1,	56,957	-
Additions of investment at amortised cost	39,237	56,957
Net movement in provision of ECL	-	-
<b>Balance at the end of year</b>	<u>\$96,194</u>	<u>\$56,957</u>

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

	2020 '000	2019 '000
<b>6. Cash and cash equivalents</b>		
Bank current account	114,121	159,633
Mutual funds	823	14,106
Short term deposits	20,372	5,106
	<u>\$135,316</u>	<u>\$178,845</u>

The above balances include \$40M allocated to the sinking fund in the year ended December 31, 2020 (2019: \$50.5M) to meet the principal repayment on the bonds in 2023, 2030 and 2038.

	2020 '000	2019 '000
<b>7. Stated capital</b>		
Authorised:		
An unlimited number of ordinary shares of no-par value		
Issued and fully paid:		
1 ordinary share of no-par value	<u>\$3,940,967</u>	<u>\$3,940,967</u>

	2020 '000	2019 '000
<b>8. Reserves</b>		
Bond interest payment reserve	<u>\$5,000</u>	<u>\$5,000</u>

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

### 9. Related party transactions

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

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

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

*The following table represents transactions with related parties:*

	2020 '000	2019 '000
<b>Income from associates</b>		
Dividend income	125,169	215,113
Net unrealised gains on financial assets at fair value through profit or loss	116,521	1,011,319
<b>Income from subsidiary</b>		
Dividend income	80,000	67,456
Government subventions utilised	4,460	6,400
Interest income from government bonds	2,500	859
Director fees	(462)	(462)
<b>Net impact on the Statement of Comprehensive income</b>	<u>\$328,188</u>	<u>\$1,300,685</u>



# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

### 9. Related party transactions (continued)

The following table represents balances with related parties:

	2020 '000	2019 '000
<b>Financial assets</b>		
Investments in associates	6,819,236	6,702,715
Investment in subsidiary	2,025,000	2,025,000
Investments in government bonds	95,187	55,588
Deferred government subvention	(31,146)	(35,606)
	<u>\$8,908,277</u>	<u>\$8,747,697</u>

### 10. Bonds payable

The Company issued coupon rate bonds in three series during the period July 12, 2018 to August 9, 2018; these bonds remain actively traded on the corporate bond market. During the financial year 2020 and 2019, no new bonds were issued by the Company.

The three (3) series NIF Bonds include:

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

	2020 '000	2019 '000
Bonds in Series A, B and C	4,000,000	4,000,000
Amortised bond issuance costs	(31,146)	(35,606)
	<u>\$3,968,854</u>	<u>\$3,964,394</u>

### 11. Deferred government subventions

- This balance represents unused government subventions received from the Ministry of Finance for establishment expenses.
- This balance represents unused government subventions received by the Company to cover the costs relating to the issuance of bonds. During the year ended December 31, 2020 the Company did not receive any government subventions (2019: nil).

	Deferred government subventions (a.)		Deferred government subventions (b.)	
	2020 '000	2019 '000	2020 '000	2019 '000
Balance at start	-	1,940	35,606	40,066
Allocated to the statement of comprehensive income	-	(1,940)	(4,460)	(4,460)
Balance at end	<u>\$-</u>	<u>\$-</u>	<u>\$31,146</u>	<u>\$35,606</u>

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

	2020 '000	2019 '000
<b>12. Dividend income</b>		
Angostura Holdings Limited	10,485	14,803
One Caribbean Media Limited	-	9,171
Republic Financial Holdings Limited	114,683	191,139
West Indian Tobacco Company Limited	17,604	21,106
Trinidad Generation Unlimited	80,000	67,456
	<u>\$222,772</u>	<u>\$303,675</u>
<b>13. Government subventions utilised</b>		
Government subventions for bond issuance costs	4,460	4,460
Government subventions for the establishment expenses	-	1,940
	<u>\$4,460</u>	<u>\$6,400</u>
<b>14. Net unrealised gains on financial assets at fair value through profit or loss</b>		
Net unrealised gains on financial assets at fair value through profit or loss were attributable to the upliftment in market values during the years ended December 31, 2020 and December 31, 2019.		
	2020 '000	2019 '000
<b>Equity investments</b>		
Angostura Holdings Limited	12,335	20,970
One Caribbean Media Limited	(55,946)	(27,362)
Republic Financial Holdings Limited	160,132	1,017,710
<b>Other equity Investments</b>		
West Indian Tobacco Company Limited	(82,013)	131,457
	<u>\$34,508</u>	<u>\$1,142,775</u>
<b>15. Operating Expenses</b>		
Administrative expenses	2,667	2,295
Green fund levy	676	913
Directors fee and expenses	532	519
Consulting and professional fees	202	325
	<u>\$4,077</u>	<u>\$4,052</u>

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

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### 16. Financial risk management

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

#### 16.1 *Credit risk*

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

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

The maximum exposure to credit risk as at December 31, 2020 were as follows:

	2020 '000	2019 '000
Cash and cash equivalents	135,316	178,845
Financial assets at amortised cost	96,194	56,957
Other receivables	1,886	513
	<u>\$ 233,396</u>	<u>\$ 236,315</u>

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

#### 16.2 *Market risk*

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

##### a. *Currency risk*

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

As at December 31, 2020, the carrying amount of TGU at fair value through profit or loss would decrease by \$20.3 million if the currency rate used is increased by 100 basis points from management's estimates (2019: \$20.3 million).

##### b. *Interest rate risk*

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

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

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### 16. Financial risk management (continued)

#### 16.2 *Market risk (continued)*

##### c. *Price rate risk*

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

A 1% change in market prices will increase/decrease the carrying amount of the Company's financial assets by +/- \$93.2 million (2019: \$92.9 million).

#### 16.3 **Liquidity risk**

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

##### a) **Bond interest payments -**

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

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

##### b) **Bond principal payments -**

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

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

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

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

### 16. Financial risk management (continued)

#### 16.3 Liquidity risk (continued)

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

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

As at December 31, 2019	Up to 1 year '000	1 to 5 years '000	Over 5 years '000	No stated maturity '000	Total '000
<i>Financial assets</i>					
Cash and cash equivalents	178,845	-	-	-	178,845
Other receivables	513	-	-	-	513
Fair value through profit or loss	-	-	-	9,292,801	9,292,801
Amortised cost	-	56,957	-	-	56,957
	<b>\$179,358</b>	<b>\$56,957</b>	<b>\$-</b>	<b>\$9,292,801</b>	<b>\$9,529,116</b>
<i>Financial liabilities</i>					
Other payables	256	-	-	-	256
Accrued bond interest	88,261	-	-	-	88,261
Bonds payable	-	1,200,000	2,800,000	-	4,000,000
	<b>\$88,517</b>	<b>\$1,200,000</b>	<b>\$2,800,000</b>	<b>\$-</b>	<b>\$4,088,517</b>
Net liquidity risk	<b>\$90,841</b>	<b>\$(1,143,043)</b>	<b>\$(2,800,000)</b>	<b>\$9,292,801</b>	<b>\$5,440,599</b>

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

### 16. Financial risk management (continued)

#### 16.4 Fair value of financial assets and liabilities

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

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

	Carrying value		Fair value	
	December 31		December 31	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
<i>Financial assets</i>				
Cash and cash equivalents	135,316	178,845	135,316	178,845
Other receivables	1,886	513	1,886	513
Amortised cost	96,194	56,957	98,973	56,957
<i>Financial liabilities</i>				
Other payables	341	256	341	256
Accrued bond interest	87,586	88,261	87,586	88,261
Bonds payable	3,968,854	3,964,394	3,968,854	3,964,394
Deferred government subvention	31,146	35,606	31,146	35,606

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

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

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

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

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

##### *Due to related parties*

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

##### *Other payables*

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

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

### 16. Financial risk management (continued)

#### 16.4 Fair value of financial assets and liabilities (continued)

##### (iii) Fair value estimation

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

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

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

The following table analyses within the fair value hierarchy the Company's financial assets as at December 31, 2020, and December 31, 2019:

As at December 31, 2020	Level 1 '000	Level 2 '000	Level 3 \$'000	Total '000
Government debt securities	-	95,187	-	95,187
Corporate debt securities	-	1,007	-	1,007
Investments in associates	6,819,236	-	-	6,819,236
Other equity investments	483,073	-	-	483,073
Investments in subsidiary	-	-	2,025,000	2,025,000
<b>Total financial assets</b>	<b>\$7,302,309</b>	<b>\$96,194</b>	<b>\$2,025,000</b>	<b>\$9,423,503</b>
As at December 31, 2019	Level 1 '000	Level 2 '000	Level 3 '000	Total '000
Government debt securities	-	55,947	-	55,947
Corporate debt securities	-	1,010	-	1,010
Investments in associates	6,702,715	-	-	6,702,715
Other equity investments	565,086	-	-	565,086
Investments in subsidiary	-	-	2,025,000	2,025,000
<b>Total financial assets</b>	<b>\$7,267,801</b>	<b>\$56,957</b>	<b>\$2,025,000</b>	<b>\$9,349,758</b>

# NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED

## Notes to the Financial Statements For the year ended December 31, 2020 (Expressed in Trinidad and Tobago Dollars)

### 17. Comparative information and prior period reclassification

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year. The following are the details of the major changes made to the comparative information. The changes were necessary to:

- i. Reclassify short-term bonds from cash and cash equivalents to financial assets at amortised cost in the Statement of Financial Position
- ii. Correctly classify the non-cash increase in bonds payable resulting from the recognition of amortised bond issuance costs
- iii. Correctly classify bond interest paid within the cash flows from financing activities and bond interest recognised at amortised cost as an adjustment to reconcile net profit for the year to net cash used in operating activities.

#### Changes to Statement of Financial Position

	As previously reported	Reclassified	As reclassified
	\$'000	\$'000	\$'000
As at December 31, 2019			
Cash and cash equivalents	210,173	(31,328)	178,845
Financial assets at amortised cost	25,629	31,328	56,957

#### Changes to Statement of Cash Flows

	As previously reported	Reclassified	As reclassified
	\$'000	\$'000	\$'000
As at December 31, 2019			
Issue of bonds payable	4,460	(4,460)	-
Decrease in deferred government subventions	(4,460)	4,460	-
Bond interest recognised at amortised cost	-	223,516	223,516
Decrease in accrued bond interest	(884)	884	-
Bond interest paid	-	(224,400)	(224,400)

### 18. Subsequent events

The Company evaluated all events that occurred from January 1, 2021, through March 25, 2021, the date the financial statements were available to be issued. During the period, the Company did not have any subsequent events requiring recognition or disclosure in the financial statements, other than those disclosed below.

#### COVID-19

The World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic". First identified in late 2019 and known now as COVID 19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. As of the date of issuance of the financial statements, the Company's operations have not been significantly impacted, however, the Company continues to monitor the situation. No impairments were recorded as of the balance sheet date as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgement regarding this could change in the future. In addition, while the Company's results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.