

SAGICOR POOLED INVESTMENT FUNDS LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2020



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## INDEPENDENT AUDITORS' REPORT

To the Members of  
SAGICOR POOLED INVESTMENT FUNDS LIMITED

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements Sagicor Pooled Investment Funds Limited ("the company"), set out on pages 5 to 13, which comprise the statement of financial position as at December 31, 2020, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at December 31, 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

#### *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 *Auditors' 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 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.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
SAGICOR POOLED INVESTMENT FUNDS LIMITED

**Report on the Audit of the Financial Statements (cont'd)**

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, 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.

*Auditors' 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 auditors' 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
SAGICOR POOLED INVESTMENT FUNDS LIMITED

**Report on the Audit of the Financial Statements (continued)**

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

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

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
SAGICOR POOLED INVESTMENT FUNDS LIMITED

**Report on additional matters as required by the Jamaican Companies Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

KPMG

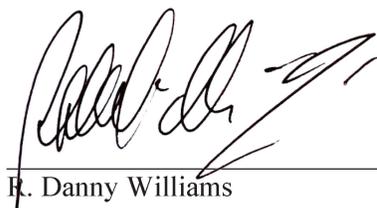
Chartered Accountants  
Kingston, Jamaica

May 31, 2021

SAGICOR POOLED INVESTMENT FUNDS LIMITEDStatement of Financial Position  
December 31, 2020

	<u>Note</u>	<u>2020</u>	<u>2019</u>
CURRENT ASSET			
Accounts receivable		<u>\$100</u>	<u>\$100</u>
Financed by:			
SHAREHOLDER'S EQUITY			
Share capital	4	<u>\$100</u>	<u>\$100</u>

The financial statements, on pages 5 to 13, were approved by the Board of Directors on May 31, 2021 and signed on its behalf by:

  
\_\_\_\_\_  
R. Danny Williams                      Director

  
\_\_\_\_\_  
Christopher Zacca                      Director

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

SAGICOR POOLED INVESTMENT FUNDS LIMITED

Notes to the Financial Statements  
December 31, 2020

1. The company

The company is incorporated under the laws of Jamaica as a wholly owned subsidiary of Sagicor Life Jamaica Limited.

As of December 1, 1999 the company holds in trust, securities registered in its name, on behalf of the trustees of the Pooled Pension Investment Funds (“Funds”) managed by Sagicor Life Jamaica Limited. These securities are not included in the statement of financial position and are accounted for in the financial statements of the Funds.

2. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements as at and for the year ended December 31, 2020 (the reporting date) are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act.

**New and amended standards effective during the year:**

Certain new and amended standards which were in issue came into effect during the current financial year. None of these standards impacted the company’s financial position or performance for the current financial year.

**New and amended standards issued that are not yet effective:**

At the date of authorisation of these financial statements, certain new and amended standards have been issued which are not yet effective at the reporting dates and which the company did not early adopt. The company has assessed them with respect to its operation and has determined that the following may be relevant:

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period.

SAGICOR POOLED INVESTMENT FUNDS LIMITED

Notes to the Financial Statements  
December 31, 2020

2. Statement of compliance, basis of preparation and significant accounting policies (continued)

(a) Statement of compliance (continued):

**New and amended standards issued that are not yet effective (continued):**

At the date of authorisation of these financial statements, certain new and amended standards have been issued which are not yet effective at the reporting dates and which the company did not early adopt. The company has assessed them with respect to its operation and has determined that the following may be relevant (continued):

It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

The company is assessing the impact that these amendments will have on its financial statements when they become effective.

(b) Basis of preparation:

The financial statements are prepared under the historical cost convention.

These financial statements are presented in Jamaica dollars (\$), which is the company's functional currency.

(c) Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets at the reporting date. There are no sufficient estimates and judgement applicable to the company at the reporting date.

SAGICOR POOLED INVESTMENT FUNDS LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies

(a) Accounts receivable:

Accounts receivables are measured at amortised cost less impairment losses.

(b) Revenue and expenses:

The company derives no revenue in its capacity as holder of investments as trustees and has no expenses.

(c) Fair value disclosures:

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its on-performance risk.

(d) Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “company”).

(a) A person or a close member of that person’s family is related to a company if that person:

- (i) Has control or joint control over the company;
- (ii) Has significant influence over the company; or
- (iii) Is a member of the key management personnel of the company or of a parent of the company.

(b) An entity is related to a company if any of the following conditions applies:

- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company.

SAGICOR POOLED INVESTMENT FUNDS LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

(d) Related party (continued):

(b) (Continued)

- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(e) Impairment

*Financial assets*

The company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset for which credit risk has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses.

The company uses judgement when considering the following factors that affect the determination of impairment:

*Measurement of ECLS*

The company applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and forward looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting period reflects reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. The company uses three scenarios that are probability weighted to determine ECL.

For trade receivables, the company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward looking information.

SAGICOR POOLED INVESTMENT FUNDS LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)(e) Impairment (continued)*Non-financial assets*

## (i) Calculation of recoverable amount:

The recoverable amount of the company's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

## (ii) Reversals of impairment:

An impairment loss in respect of receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For all other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## (f) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprised of accounts receivable.

*Recognition and initial measurement*

Trade receivables are initially recognised when they are originated.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

SAGICOR POOLED INVESTMENT FUNDS LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2020

3. Significant accounting policies (continued)

## (f) Financial instruments (continued):

*Classification and subsequent measurement*

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as “Held to collect” and measured at amortised cost.

Amortised cost represents the net present value (“NPV”) of the consideration receivable or payable as of the transaction date. This classification of financial assets is comprised of accounts receivable.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

*Impairment of financial assets*

Impairment losses of financial assets, including receivables, are recognised using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period. This model considers past events and current conditions, as well as reasonable and supportable forecasts affecting collectability even in the absence of a credit event or if a loss has not yet been incurred.

*Derecognition*

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

SAGICOR POOLED INVESTMENT FUNDS LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2020

4. Share capital

	<u>2020</u>	<u>2019</u>
Authorised:		
10,000 ordinary shares of no par value		
Issued and fully paid:		
100 ordinary shares of no par value	<u>\$100</u>	<u>100</u>

5. Related party transactions

The company considers Sagicor Pooled Pension Investment Funds and its trustees, Sagicor Life Jamaica Limited, its directors and its subsidiaries, affiliates and their key management personnel to be related parties.

Revenue and expenses incurred in respect of assets held in its capacity as holder of investments as trustees are accounted for in the financial statements of Sagicor Pooled Pension Investment Funds.

6. Financial instruments

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk arises principally from the company's receivables from customer, cash and cash equivalents and due from related parties.

The maximum exposure to credit risk is represented by the carrying value of the company's financial assets, and there is no significant concentration of credit risk. The company has no exposure to liquidity and market risk.

SAGICOR POOLED INVESTMENT FUNDS LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2020

7. Impact of the COVID-19 Pandemic

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices. This could have significant negative financial effects on the [company], depending on factors such as (i) the duration and spread of the outbreak, (ii) the restrictions and advisories from Government, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be estimated reliably.

The company has performed various assessments and stress testing of its business plans under multiple scenarios, as part of its business continuity and contingency planning. At the date of authorisation of the financial statements, the company is unable to determine a reliable estimate of the financial impact of this matter on its profitability, capital adequacy and financial position.