

**NEW LIFE INVESTMENT COMPANY INC.  
NON-CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED MARCH 31, 2018**  
*(Expressed in Barbados Dollars)*



**New Life Investment Company Inc.  
Non-Consolidated Financial Statements  
For the year ended March 31, 2018**

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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW LIFE INVESTMENT COMPANY INC.**

### **Qualified Opinion**

We have audited the accompanying non-consolidated financial statements of New Life Investment Company Inc., which comprise the non-consolidated statement of financial position as at March 31, 2018 and the non-consolidated statement of comprehensive loss, non-consolidated statement of changes in deficit and non-consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the effects of the matter described in the Basis for Qualified opinion section of our report, the accompanying Non-consolidated financial statements present fairly, in all material respects, the financial position of New Life Investment Company Inc. as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### **Basis for Qualified Opinion**

As discussed in note 2 to the non-consolidated financial statements, New Life Investment Company Inc. does not prepare consolidated financial statements to include the results of its controlled subsidiary company as required by IFRS 10- Consolidated Financial Statements. In these financial statements the investment is accounted for on a cost basis. The preparation of consolidated financial statements is necessary to obtain a proper understanding of the financial position and operations of the company.

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 other ethical responsibilities in accordance with the IESB Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Emphasis of Matter**

Without qualifying our opinion, we draw your attention to the following:

The investment properties disclosed in the non-consolidated financial statements at note 7 are subject to the terms of a Transfer Agreement dated December 30<sup>th</sup>, 2016 which was approved by the Supreme Court of Barbados on August 10<sup>th</sup>, 2017. As at the balance sheet date and the date of this audit report the legal titles to these properties had not been transferred to the Company. Except for the properties at Crystal Heights and Crystal Haven the Company was given licenses by the Judicial Manager to occupy and manage these properties until such time as the legal transfers occur. The properties at Crystal Heights and Crystal Haven will be transferred by way of Registrar's Conveyance, which provides an unimpeachable title.

### **Material Uncertainty regarding Going Concern**

Without qualifying our opinion, we draw attention to note 2 to these Non -Consolidated financial statements which indicates that the Company incurred a comprehensive loss of \$4,281,338 for the year ended March 31, 2018 (2017 - \$1,415,579). Based on the accumulated deficit and the absence of a significant revenue generating stream, the Company currently relies heavily on financial support from its common shareholder to meet its short-term obligations. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern without continued financial support from its common shareholder.

Further to the above, the common shareholder, the Government of Barbados, has announced the orderly wind-up of the Company. This process is ongoing as at the date of our audit report.

### **Responsibilities of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Non-consolidated 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.

The Board of Directors is 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 non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (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 non-consolidated financial statements.

## **Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

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 non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 non- consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the non- consolidated financial information of the entity and its business activities to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

### **Other Matter**

This report is made solely to the Company's shareholders, as a body, in accordance with section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report or the opinion we have formed.

*Baker Tilly*

.....  
**Baker Tilly**

BARBADOS  
May 19<sup>th</sup>, 2022

**New Life Investment Company Inc.**  
**Non-Consolidated Statement of Financial Position**  
**As at March 31, 2018**  
*(Expressed in Barbados Dollars)*

	<u>Notes</u>	<u>2018</u> \$	<u>2017</u> \$
<b>ASSETS</b>			
<b>Long-term assets</b>			
Loan due from related company	4	18,000,000	3,345,000
Investments	5	126,600,000	-
Investment in subsidiary	6	3,000,000	3,000,000
Investment properties	7	29,540,500	-
Office equipment and leasehold improvements	8	201,244	2,940
		<u>177,341,744</u>	<u>6,347,940</u>
<b>Current assets</b>			
Cash and cash equivalents		707,016	1,417,579
Amount due from related company	9	372,786	130,255
Accounts receivable	10	3,622,969	-
Prepayments		17,463	-
		<u>4,720,234</u>	<u>1,547,834</u>
<b>Total assets</b>		<u>182,061,978</u>	<u>7,895,774</u>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Long-term portion of term loan	11	17,414,000	19,414,000
Bonds payable to related company	12	160,600,000	-
		<u>178,014,000</u>	<u>19,414,000</u>
<b>Current liabilities</b>			
Trade and other payables		236,671	396,477
Interest payable		1,888,368	669,020
Current portion of term loan	11	18,000,000	-
		<u>20,125,039</u>	<u>1,065,497</u>
<b>Total liabilities</b>		<u>198,139,039</u>	<u>20,479,497</u>
<b>Shareholders' Deficit</b>			
Common shares	13	5,000	5,000
Preference shares	13	788,000	-
Accumulated deficit		(16,870,061)	(12,588,723)
		<u>(16,077,061)</u>	<u>(12,583,723)</u>
<b>Total liabilities and deficit</b>		<u>182,061,978</u>	<u>7,895,774</u>

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

Approved by the Board of Directors on May 19<sup>th</sup>, 2022 and signed on their behalf by:

Director:  .....

Director:  .....

**New Life Investment Company Inc.**  
**Non-Consolidated Statement of Changes in Shareholders' Deficit**  
**For the year ended March 31, 2018**  
*(Expressed in Barbados Dollars)*

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	<u>Common shares</u>	<u>Preference shares</u>	<u>Deficit</u>	<u>Total</u>
	\$	\$	\$	\$
<b>Balance as at March 31, 2016</b>	5,000	-	(11,173,144)	(11,168,144)
Comprehensive loss	-	-	(1,415,579)	(1,415,579)
<b>Balance as at March 31, 2017</b>	5,000	-	(12,588,723)	(12,583,723)
Issuance of preference shares	-	788,000	-	788,000
Comprehensive loss	-	-	(4,281,338)	(4,281,338)
<b>Balance as at March 31, 2018</b>	<u>5,000</u>	<u>788,000</u>	<u>(16,870,061)</u>	<u>(16,077,061)</u>

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

**New Life Investment Company Inc.**  
**Non-Consolidated Statement of Comprehensive Loss**  
**For the year ended March 31, 2018**  
*(Expressed in Barbados Dollars)*

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	<u>Notes</u>	<u>2018</u> \$	<u>2017</u> \$
<b>REVENUE</b>			
Interest income		129,175	33,488
Rental income		3,728	-
Write down of investment properties	7	(1,000,000)	-
		<u>(867,097)</u>	<u>33,488</u>
<b>EXPENSES</b>			
General and administrative	14	1,319,808	921,534
Depreciation	8	25,873	1,941
Impairment provision		625,772	-
Interest expense		1,442,788	525,592
		<u>3,414,241</u>	<u>1,449,067</u>
<b>Loss before taxation</b>		(4,281,338)	(1,415,579)
Taxation	15	-	-
<b>Net loss and comprehensive loss</b>		<u>(4,281,338)</u>	<u>(1,415,579)</u>

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



**New Life Investment Company Inc.**  
**Non-Consolidated Statement of Cash Flows**  
**For the year ended March 31, 2018**  
*(Expressed in Barbados Dollars)*

	<u>2018</u>	<u>2017</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Loss before taxation	(4,281,338)	(1,415,579)
Interest income	(129,175)	(33,488)
Write down of investment properties	1,000,000	-
Depreciation	25,873	1,941
Impairment provision	625,772	-
Interest expense	1,442,788	525,592
	<u>(1,316,080)</u>	<u>(921,534)</u>
<i>Changes in non-cash working capital:</i>		
Amount due from related company	(242,531)	(120,655)
Accounts receivable	(1,241)	-
Prepayments	(17,463)	-
Trade and other payables	(159,806)	839,507
Cash flows used in operating activities	<u>(1,737,121)</u>	<u>(202,682)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of office equipment and leasehold improvements	(224,177)	(1,757)
Loan advanced to related company	(14,655,000)	(3,240,000)
Interest received	129,175	33,488
Cash flows used in investing activities	<u>(14,750,002)</u>	<u>(3,208,269)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from term loan	16,000,000	4,250,000
Interest paid	(223,440)	(525,592)
Cash flows from financing activities	<u>15,776,560</u>	<u>3,724,408</u>
<b>Change in cash and cash equivalents</b>	<u>(710,563)</u>	<u>313,457</u>
Cash and cash equivalents - beginning of year	1,417,579	1,104,122
<b>Cash and cash equivalents - end of year</b>	<u>707,016</u>	<u>1,417,579</u>

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

**New Life Investment Company Inc.**  
**Notes to the Non-Consolidated Financial Statements**  
**For the year ended March 31, 2018**  
*(Expressed in Barbados Dollars)*

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**1. Incorporation, Ownership and Principal Activities**

The Company was incorporated on January 26, 2015, commenced trading on June 5, 2015 under the Companies Act, CAP 308 of the Laws of Barbados and is wholly owned by the Government of Barbados. Its mandate is to:

- (a) Monitor and channel the funds required for the Judicial Manager to continue the operation of Clico International Life Insurance Ltd. for an interim period.
- (b) Issue interest bearing bonds which will be guaranteed by the Government of Barbados for the capitalisation of Resolution Life Assurance Company Ltd. ("ResLife"), the Company's wholly owned subsidiary, established to ensure continuity of the business of Clico Insurance Life Insurance Ltd.
- (c) Manage the real estate assets of Clico Holdings (Barbados) Ltd. with a view to finding the most profitable ultimate disposition.

The Company maintains its registered office at the Ministry of Finance and Economic Affairs, Government Headquarters, Bay Street, St. Michael.

**2. Significant Accounting Policies**

The non-consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect.

These standards have been consistently applied in all the years presented.

The accounting policies used by the Company in preparing the financial statements are consistent with IFRS, except that the operations and financial position of the Company's wholly owned subsidiary have not been consolidated in these financial statements in accordance with IFRS 10-Consolidated Financial statements.

These financial statements are separate financial statements. The Company has elected not to prepare consolidated financial statements as:

- The Company's directors and shareholder have access to all pertinent information with respect to the subsidiary and do not require consolidated financial statements;
- Neither its debt nor equity is traded in a public market;
- It did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

## **2. Significant Accounting Policies (cont'd)**

### Basis of preparation

The financial statements have been prepared in accordance with IFRS under the historical cost convention, except that investment properties and financial assets are reported at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3

### New standards and amendments/revisions to published standards and interpretations effective in 2018

The following amendments to published standards took effect for the Company's accounting period beginning on or after January 1<sup>st</sup>, 2018.

#### Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments to IAS 7 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

#### Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Asset for Unrealized Losses*

The amendments to IAS 12 clarify the following:

- Decreases below cost in the carrying amount of a fixed-rate debt instrument measured at fair value, for which the tax base remains at cost, give rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows.
- An entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses.

Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have no impact on the Company's financial position or performance.

**New Life Investment Company Inc.**  
**Notes to the Non-Consolidated Financial Statements**  
**For the year ended March 31, 2018**  
*(Expressed in Barbados Dollars)*

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**2. Significant Accounting Policies (cont'd)**

New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Company

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

*IFRS 9 Financial instruments*

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 *Financial Instruments*, which replaces IAS 39 *Financial Instruments: Recognition and Measurement*, with an effective date of January 1, 2018. IFRS 9 includes guidance on the classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. Financial assets classification is based on the cash flow characteristics and the business model in which an asset is held.

The classification determines how a financial instrument is accounted for and measured. IFRS 9 also introduces an impairment model for financial instruments not measured at fair value through profit or loss that requires recognition of expected losses at initial recognition of a financial instrument and the recognition of full lifetime expected losses if certain criteria are met. In addition, a new model for hedge accounting was introduced to achieve better alignment with risk management activities. In September 2016, the IASB issued amendments to IFRS 4 *Insurance Contracts*, to allow insurance entities whose predominant activities are to issue contracts within the scope of IFRS 4, an optional temporary exemption from applying IFRS 9 until 2021 (the "deferral approach"). The Company has elected the deferral approach permitted under the amendments. Consequently, the Company will continue to apply IAS 39, the existing financial instrument standard, in its financial statements.

*IFRS 16 Leases*

IFRS 16 sets out the principles for recognition, measurement, presentation and disclosure of leases and replaces IAS 17 *Leases*. The standard removes the IAS 17 requirement for lessees to classify leases as finance leases or operating leases by introducing a single lessee accounting model that requires the recognition of lease assets (right-of-use assets) and lease liabilities on the statement of financial position for most leases. Also, lessees will now separately recognise interest expense on the lease liability and depreciation expense on the right-of-use asset in the statement of income.

Lessor accounting is substantially unchanged from accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, if any, are shown in current liabilities on the statement of financial position.

**New Life Investment Company Inc.**  
**Notes to the Non-Consolidated Financial Statements**  
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**2. Significant Accounting Policies (cont'd)**

Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, or held-to-maturity investments as appropriate. The Company determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the investments were acquired or originated. Financial assets are recognized initially at fair value. Purchases or sales of financial assets are recognized on the settlement date. The Company's financial assets include cash and cash equivalents, investment properties, investment in bond, amounts due from related company and accounts receivable.

*Financial assets at fair value through profit or loss*

These investments are initially recorded at fair value. After initial recognition, these investments are remeasured at fair value. Fair value adjustments and realized gains and losses are recognized as part of profit or loss. Investment properties are classified as financial assets at fair value through profit or loss.

*Held-to-maturity financial assets*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold until maturity. These investments are initially recognized at cost, being the fair value of the consideration paid for the acquisition of the investment. Loans due from related parties, investments and accounts receivable are classified as held-to-maturity.

All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, held-to-maturity financial assets are measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of loss when the investments are derecognized or impaired, as well as through the amortization process.

*Loans and receivables*

Loans and receivable are comprised of loan to related company, amounts due from related company and accounts receivable.

The amounts due are recognized initially at fair value, being the issue proceeds. Subsequently, the amount due is stated at amortized cost, less any impairment

*Derecognition of financial assets*

A financial asset (or when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Company retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement.
- The Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risk and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

## **2. Significant Accounting Policies (cont'd)**

### Impairment of assets

#### *Financial assets*

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the loss is recognized as part of profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. The impairment assessment is performed at each statement of financial position date. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized as part of profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

#### *Non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired, if any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

The recoverable amount is determined on an individual asset basis, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

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 assets. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

### Investment properties

Investment properties are defined as properties with an insignificant portion that is owner occupied and are held for long-term rental yields or capital appreciation and comprise freehold land and buildings. Properties that do not meet these criteria are reported as property, plant and equipment.

**New Life Investment Company Inc.**  
**Notes to the Non-Consolidated Financial Statements**  
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*(Expressed in Barbados Dollars)*

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**2. Significant Accounting Policies (cont'd)**

Investment properties (cont'd)

Investment properties are initially recognized at cost, including related transaction costs, and subsequently measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Fair values for investment properties are assessed periodically. The fair value is assessed using the most recently available reports from a qualified external appraisal service.

Any gain or loss arising from a change in fair value is included as fair value adjustments in investment property on the statement of income.

Investment in subsidiary

A subsidiary is an entity that is controlled by the parent. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Although control is presumed to exist when the parent owns, directly or indirectly, more than half the voting power of an entity, when a parent has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee.

The Company has elected to account for its investment in subsidiary at its cost, being the fair value of the consideration given, less any impairment in value.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to the statement of income during the financial period in which they are incurred. Depreciation is calculated on the straight-line basis at rates considered adequate to write down the cost of assets to their residual values over their estimated useful lives.

Estimated useful lives range as follows:

Leasehold improvements	-	10%
Computer equipment	-	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are recognized as part of profit or loss.

**New Life Investment Company Inc.**  
**Notes to the Non-Consolidated Financial Statements**  
**For the year ended March 31, 2018**  
*(Expressed in Barbados Dollars)*

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**2. Significant Accounting Policies (cont'd)**

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer), if not, they are presented as non-current liabilities. Trade and other payables are recognized initially at the transaction price

Revenue recognition

*Interest income*

Interest income is recognized on the accrual basis using the effective interest method.

*Dividend income*

Dividend income is recognized when the Company's right to receive payment is established.

*Rental income*

Revenue from the rental of investment property is recognized on a straight-line basis over the term of the lease.

Foreign currency

*Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Barbados dollars, which is the Company's functional and presentation currency.

*Transactions and balances*

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

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities are recognized in income as part of the fair value gain or loss.



**New Life Investment Company Inc.**  
**Notes to the Non-Consolidated Financial Statements**  
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*(Expressed in Barbados Dollars)*

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**2. Significant Accounting Policies (cont'd)**

Related parties

A party is related to the Company if:

- (i) Directly, or indirectly through one or more intermediaries, the party:
  - controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
  - has an interest in the Company that gives it significant influence over the Company;
  - has joint control over the Company;
- (ii) The party is an associate of the Company;
- (iii) The party is a jointly venture in which the Company is a venturer;
- (iv) The party is a member of the key management personnel of the Company or its parent;
- (v) The party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) The party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

Taxation

Taxation is provided on a current and deferred basis. Current taxation is provided on the basis of the income before taxation for financial reporting purposes, adjusted for income and expense items, which are not assessable or deductible for tax purposes.

Deferred taxation is provided under the liability method in respect of significant temporary differences arising from differences between the carrying amount of an asset and liability for financial reporting purposes and the amount used for income tax purposes. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilised.

Going Concern Assumption

The company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business. A different basis of accounting would be appropriate if the company ceased to continue as a going concern.

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**2. Significant Accounting Policies (cont'd)**

The company incurred a loss of \$4,281,338 in the year ended March 31, 2018 (2017 - \$1,415,579). In the absence of Significant revenue generating streams the company currently relies on financial support from its shareholders to meet the short-term obligations. These conditions give rise to material uncertainty about the company's ability to continue as a going concern without continued financial support from its shareholder.

Further to the above, the shareholder, the Government of Barbados, has announced the orderly winding up of the company. The process is ongoing.

**3. Critical Accounting Estimates and Judgments in applying Accounting Policies**

The Company makes estimates and assumptions that may affect the reported amounts of assets and liabilities during the succeeding 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.

Fair Value of Financial Assets

The fair value of financial assets that are not traded in an active market is determined by using an internally developed bond valuation model. Assumptions used in this model are validated and periodically reviewed internally by qualified personnel. Where applicable, data is calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in assumptions used in valuations could affect reported fair value of financial assets.

Impairment Losses on Financial Assets

The Company reviews its asset portfolios to assess impairment on a periodic basis. In determining whether an impairment loss should be recognized in the statement of comprehensive income, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the underlying portfolios. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Taxation

Estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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**3. Critical Accounting Estimates and Judgments in applying Accounting Policies (cont'd)**

Fair value of investment properties

Management uses independent qualified appraisal services to assist in determining the fair value of investment properties. This fair value assessment requires judgments and estimates on future cash flows and general market conditions

**4. Loan due from Related Company**

The loan due from a related party represents an advance made to the Company's wholly owned subsidiary, ResLife. The amounts are interest-free, unsecured and have no stated terms of repayment.

**5. Investments**

Investments are comprised as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Investment in bonds	<u>126,600,000</u>	-

On January 1, 2018, the Government of Barbados issued a bond to the Company in the sum of \$126,600,000. The bond matures after ten years and carries interest at the rate of 0.25%.

Principal and interest will be paid by half yearly instalments on June 30, and December 31 of each year beginning June 30, 2018.

Effective June 30, 2019, the bond was cancelled as part of the GOB debt restructure program referred to in Notes 18.

**6. Investment in Subsidiary**

The Company owns 100 common shares of ResLife, an insurance company incorporated in Barbados and licensed under the Insurance Act by the Financial Services Commission. ResLife's principal activity is to conduct life insurance business. Its mandate is to facilitate the takeover of the existing insurance portfolio of CLICO International Life Insurance Limited.

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**7. Investment Properties**

During the year the Company acquired several properties as part of the acquisition of the real estate assets of CLICO Holdings (Barbados) Ltd. These properties and their estimated fair values are as listed below.

The investment properties were acquired from Clico International Life Insurance Limited in accordance with the Transfer Agreement dated December 30, 2016, and which was approved by the Supreme Court of Barbados on August 10, 2017. As at the balance sheet date the legal titles of investment properties had not been transferred to the company, however the company is unencumbered in its maintenance of the properties and the management of the associated leases. Except for the properties at Crystal Heights and Crystal Haven, the Company has been given license by the Judicial Manager to occupy and manage these properties until such time as the legal transfers occur. The properties at Crystal Heights and Crystal Haven will be transferred by way of Registrar's Conveyance which provides an unimpeachable title.

	<u>2018</u>	<u>2017</u>
	\$	\$
Clifton Hall Plantation	5,715,500	-
Crystal Haven	1,725,000	-
Crystal Heights	740,000	-
Hothersal Plantation	5,910,000	-
Todds Great House	3,555,000	-
Todds Plantation	5,595,000	-
Wakefield Plantation	6,300,000	-
	<u>29,540,500</u>	<u>-</u>

Movement in the carrying value of investment properties is analysed as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Balance at beginning of year	-	-
Transfers from CLICO Holdings (Barbados) Ltd.	30,540,500	-
Written Down	(1,000,000)	-
Balance at end of year	<u>29,540,500</u>	<u>-</u>

The Company's investment properties are carried at cost and remeasured at fair value in accordance with IAS 40 Investment Property. Valuations of the properties were conducted by external valuers, who are appropriately accredited and licenced in Barbados to carry out such services.

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**8. Office Equipment and Leasehold Improvements**

Office equipment and leasehold improvements are comprised as follows:

	<u>Computer equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
	\$	\$	\$
<b>Cost</b>			
Balance at beginning of year	6,441	-	6,441
Additions	5,606	218,571	224,177
Balance at end of year	<u>12,047</u>	<u>218,571</u>	<u>230,618</u>
<b>Accumulated depreciation</b>			
Balance at beginning of year	3,501	-	3,501
Charge for the year	4,016	21,857	25,873
Balance at end of year	<u>7,517</u>	<u>21,857</u>	<u>29,374</u>
<b>Net book value</b>			
As at March 31, 2018	<u>4,530</u>	196,714	201,244
As at March 31, 2017	<u>2,940</u>	-	2,940

**9. Amount due from Related Company and Related Party Transactions**

The amount due from a related company, which is receivable from the Company's subsidiary, ResLife, is unsecured, interest free and has no fixed date of repayment. The balance at year end was \$372,786 (2017 - \$130,255).

Other than those items disclosed elsewhere in the notes to the financial statements, there were no other transactions with related parties.

**10. Accounts Receivable**

Accounts receivable is comprised as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Amount due from Judicial Manager	4,247,500	-
Other	1,241	-
	<u>4,248,741</u>	-
Impairment provision	(625,772)	-
	<u>3,622,969</u>	-

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**11. Term Loan**

The term loan is analysed as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Term loan:		
Current portion	18,000,000	-
Long-term portion	17,414,000	19,414,000
	<u>35,414,000</u>	<u>19,414,000</u>

In 2016, the directors approved the borrowing of \$52 million from the Central Bank of Barbados for the purpose of funding the current operations for the Company, including its administrative expenses, as well as the restructuring of CLICO International Life Insurance Limited and its operations in Barbados.

The loan is disbursed in tranches upon presentation to the Central Bank of Barbados of financial statements for the preceding quarter. At March 31, 2018, \$35,414,000 (2017 - \$19,414,000) had been drawn down.

The loan is repayable annually on March 31 and may be rolled forward on approval of the Central Bank's directors.

Interest is accrued monthly at the average Treasury Bill rate for the preceding month and paid annually. These rates vary from 3.13% to 3.50% (2017 - 3.18% to 3.34%).

The loan is secured by Letter of Comfort provided to the Central Bank of Barbados by the Government of Barbados, which will be upgraded to a guarantee at such time as may be agreed. In the event of default, the Government of Barbados will repay the principal and interest in respect of this loan.

**12. Bonds payable to a Related Party**

	<u>2018</u>	<u>2017</u>
	\$	\$
Preservation bond	126,600,000	-
Property bond	34,000,000	-
	<u>160,600,000</u>	<u>-</u>

The Company issued a preservation bond to its wholly owned subsidiary, ResLife, in the sum of \$126,600,000. The bond bears interest of 0.25% per annum and matures on December 31, 2027. Interest will be paid bi-annually on June 30 and December 31, beginning June 30, 2018.

The Company also issued a property bond to ResLife in the sum of \$34,000,000. It bears interest at a rate of 6.75% per annum and matures on December 31, 2027. Interest will be paid bi-annually on June 30 and December 31 beginning June 30, 2018.

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**12. Bonds payable to a Related Party (cont'd)**

No interest has been paid on these bonds and both are guaranteed by the Government of Barbados.

Effective June 30, 2019, the preservation and property bonds payable were cancelled as part of the GOB debt restructure program referred to in Note 18.

**13. Stated Capital**

The classes and maximum number of shares that the Company is authorized to issue is as follows:

- (a) An unlimited number of common shares without nominal or par value.
- (b) 500,000 non-voting class A shares.
- (c) 500,000 redeemable convertible preference shares of no par value.

The following shares have been issued:

	<u>No. shares</u>	<u>2018</u> \$	<u>No. shares</u>	<u>2017</u> \$
Common shares	100	5,000	100	5,000
Redeemable convertible preference shares	7,880	<u>788,000</u>	-	<u>-</u>
		<u>793,000</u>		<u>5,000</u>

During the year, the Company issued 7,880 of the redeemable convertible preference shares for total consideration of \$788,000, pursuant to a Court Order in the Supreme Court of Barbados. The Order provided that certain former policyholders of Clico International Limited have the principal value of their policies converted into preference shares in the Company and such preference shares shall be held together with all associated rights and entitlements.

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**14. General and Administrative Expenses**

General and administrative expenses are comprised as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Advertising	270,378	1,353
Audit fees	43,913	24,000
Bank charges	1,080	1,098
Corporate secretarial expenses	1,460	257
Directors' fees	90,000	90,000
Donation	-	300
Entertainment	3,686	7,223
Insurance expenses	4,807	-
Legal fees	149,356	97,919
Professional fees	129,681	312,850
Repairs and maintenance	263,075	-
Office expenses	4,387	9,134
Rent	10,786	38,808
Salaries and allowances	331,491	323,394
Telecommunication and postage	15,708	15,198
	<u>1,319,808</u>	<u>921,534</u>

**15. Taxation**

The tax on the Company's loss for the year before tax differs from the theoretical amount that would arise using the basic tax rates as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Loss before taxation	(4,281,338)	(1,415,579)
Tax calculated at the statutory rate of 30% (2017 - 25%)	(1,284,401)	(353,895)
Tax effect of disallowed items	539,038	75
Tax effect of corporation tax rate change	(99,133)	-
Deferred tax not recognized	844,497	353,820
	<u>-</u>	<u>-</u>



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**15. Taxation (cont'd)**

The Deferred tax asset, which has not been included in the Statement of Financial Position due to the uncertainty of its recovery, consists of the following:

	<u>2018</u> \$	<u>2017</u> \$
Accelerated tax depreciation	(503)	(373)
Tax losses	1,340,667	495,667
	<u>1,340,164</u>	<u>495,294</u>
Deferred tax asset not recognized	(1,340,164)	(495,294)
	<u><u>-</u></u>	<u><u>-</u></u>

The Company has accumulated tax losses amounting to \$4,468,889 which may be carried forward and set off against future taxable income. These losses have neither been confirmed nor disputed by the Barbados Revenue Authority.

<u>Year</u>	<u>Opening tax loss</u> \$	<u>Loss incurred</u> \$	<u>Closing tax loss</u> \$	<u>Expiry date</u>
2016	568,325	-	568,325	2023
2017	1,415,834	-	1,415,834	2024
2018	-	2,484,730	2,484,730	2025
	<u>1,984,159</u>	<u>2,484,730</u>	<u>4,468,889</u>	

**16. Key Management Compensation**

During the year, the Company incurred an amount of \$270,585 (2017 - \$242,594) in respect of compensation of key management

**17. Financial Instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets of the Company include loan due from a related company, investment in bonds, cash and cash equivalents, amounts due from a related company and accounts receivable.

Financial liabilities of the Company include term loan, bonds payable, interest payable and trade and other payables.

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**17. Financial Instruments (cont'd)**

Financial Risk Factors

The main risks from the Company's financial instruments are interest rate risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. Loans and advances are granted at variable rates over variable periods. The exposure to the risk of changes in the market interest rates relates primarily to its long-term liabilities.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stressed circumstances. The Company monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible, the Company utilizes available credit facilities such as loans when required.

The table below summarizes the Company's financial liabilities at March 31, 2018 and 2017 based on contractual undiscounted payment.

	<u>2018</u>	<u>2017</u>
	\$	\$
Term loan	35,414,000	19,414,000
Bond payable to related company	160,600,000	-
Trade and other payables	236,671	396,477
Interest payable	1,888,368	669,020
	<u>198,139,039</u>	<u>20,479,497</u>

Credit Risk

The Company takes on exposure in credit risk, which is the potential for loss due to a debtor or borrower's failure to pay amounts when due. Credit risk arises from trading with third parties and from settling payments between financial institutions. Impairment provisions are established for losses that have been incurred at the statement of financial position date. The Company trades only with recognized, creditworthy third parties who are subject to credit verification procedures. Management therefore carefully manages its exposure to credit risk.

The Company structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or a group of borrowers. Such risks are monitored on an ongoing basis and limits on the levels of credit risk that the Company can engage in are approved by the Board of Directors. Exposure to credit risk is further monitored through regular analysis of debtors and borrowers to settle outstanding balances, meet capital and interest repayment obligations and by changing these lending limits when appropriate.

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**17. Financial Instruments (cont'd)**

Credit Risk (cont'd)

The following table shows the maximum exposure to credit risk for the components of the statement of financial position without taking account of any collateral held or other credit enhancements:

	<u>2018</u>	<u>2017</u>
	\$	\$
Loan due from related company	18,000,000	3,345,000
Investment in bonds	126,600,000	-
Cash and cash equivalents	707,016	1,417,579
Amount due from related company	372,786	130,255
Accounts receivable	1,241	-
	<u>145,681,043</u>	<u>4,892,834</u>

**18. Subsequent Events**

On March 20, 2019, the GOB announced its intention to voluntarily wind-up the Company and settle all outstanding liabilities. As at the date the financial statements were approved, the liquidation process is ongoing.

As a part of the GOB debt restructure program, which took effect from September 30, 2018, the bonds issued to the Company by the GOB in the amount of \$126,600,00 (Note 5) and the bonds payable to ResLife in the amount of \$160,600,000 (Note 12) were cancelled. Consistent with the directive to voluntarily wind up the Company, no other instruments were issued by the GOB to replace the cancelled instruments.