

New Life Investment Company Inc.
Non-Consolidated Financial Statements – Liquidating Basis
As at and for the Year Ended March 31, 2019
(Expressed In Barbados Dollars)



New Life Investment Company Inc.
Non-Consolidated Audited Financial Statements – Liquidating Basis
For the Year Ended March 31, 2019
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF NEW LIFE INVESTMENT COMPANY INC.

Opinion

We have audited the accompanying non-consolidated financial statements of New Life Investment Company Inc., which comprise the non-consolidated statement of net assets - liquidation basis as at March 31, 2019 and the non-consolidated statement of comprehensive income - liquidation basis and non-consolidated statement of changes in net assets - liquidation basis for the year then ended, and related notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the net assets - liquidation basis of New Life Investment Company Inc. as of March 31, 2019 and its changes in net assets and comprehensive income for the year then ended in accordance with accounting principals as described in non-consolidated financial statement notes 2 and 3.

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 Non-Consolidated 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 opinion.

Emphasis of Matter

As discussed in note 2 to the non-consolidated financial statements, the shareholders of New Life Investment Company Inc. approved a plan of liquidation on March 20th, 2019, and the Company determined that liquidation is imminent. As a result, the Company changed its basis of accounting on April 1, 2018 from the going concern basis to a liquidation basis. Our opinion is not modified with respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with a liquidation basis of accounting as described in non-consolidated financial statement notes 2 and 3 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated 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.

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.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity and its business activities to express an opinion on the 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 shareholder, as a body. Our audit work has been undertaken so that we might state to the Company's shareholder 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 shareholder as a body, for our audit work, for this report or the opinion we have formed.

Baker Tilly

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Baker Tilly

BARBADOS
October 20th, 2022

New Life Investment Company Inc.
Non-Consolidated Statement of Net Assets - Liquidating Basis
As at March 31, 2019
(Expressed in Barbados Dollars)

	<u>Notes</u>	<u>2019</u> \$
ASSETS		
Cash and cash equivalents		200 916
Accounts receivable	5	3 624 903
Amount recoverable from liquidation of subsidiary	6	28 362 231
Investment properties	8	18,498 250
Vehicles and equipment	9	<u>102,307</u>
Total Assets		<u>50,788,607</u>
LIABILITIES		
Accounts payable and other payable		521 184
Tax payable		881 704
Term loan due to Central Bank	10	<u>44,775,371</u>
Total Liabilities		<u>46,178,259</u>
Net Assets due to Common and Preference Shareholders		<u>4,610,348</u>

The accompanying notes form an integral part of these financial statements

Approved by the Board of Directors on October 20th 2022 and signed on their behalf by

Director



Director



New Life Investment Company Inc.
Non-Consolidated Statement of Changes in Net Assets – Liquidating Basis
For the year ended March 31, 2019
(Expressed in Barbados Dollars)

	2019 \$
Net assets as at March 31, 2018	(16,077,061)
Comprehensive income	<u>20,687,409</u>
Net Assets as at March 31, 2019	<u><u>4,610,348</u></u>

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

New Life Investment Company Inc.
Non-Consolidated Statement of Comprehensive Income – Liquidating Basis
For the year ended March 31, 2019
(Expressed in Barbados Dollars)

	<u>Notes</u>	<u>2019</u> \$
REVENUE		
Gain on adoption of liquidation accounting	2	32,381,405
Unrealized loss on investment properties	8	(9,930,500)
Interest income		481,239
Government grant		250,000
Rental income		<u>15,300</u>
		23,197,444
EXPENSES		
Interest and penalties		360,375
General and administrative	13	<u>1,267,956</u>
Income before taxation		21,569,113
Taxation	14	<u>(881,704)</u>
Net Income and Comprehensive Income		<u><u>20,687,409</u></u>

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

New Life Investment Company Inc.
Notes to the Non-Consolidated Financial Statements – Liquidating Basis
For the year ended March 31, 2019
(Expressed in Barbados Dollars)

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 (GOB). 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 GOB 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. Going concern and basis of preparation of financial statements

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.

Since the Company is no longer regarded as a going concern, these financial statements are prepared on a liquidating basis, which contemplates the realization of assets and the discharge of liabilities in an orderly dissolution of the Company. Under this basis, and as described more fully in Note 3 below, assets are valued at their net realizable value and liabilities at their expected settlement value. The adoption of the liquidating basis accounting has resulted in adjustments to the carrying value of certain assets and liabilities, which are reported in the statement of comprehensive income as a gain or loss on the adoption of liquidating basis accounting, as summarized below:

	<u>2019</u>
	\$
Loss on remeasurement of investment in subsidiary (Note 6)	(857,345)
Gain on cancellation of bonds receivable and payable (Note 7)	35,742,710
Loss on adoption of liquidation basis of accounting - Investment Properties	(1,111,750)
Other loss	<u>(1,392,210)</u>
Net gain on adoption of liquidation accounting	<u>32,381,405</u>

As at the balance sheet date the notice of intent to dissolve and articles of dissolution have not been filed with the Registrar.

New Life Investment Company Inc.
Notes to the Non-Consolidated Financial Statements – Liquidating Basis
For the year ended March 31, 2019
(Expressed in Barbados Dollars)

3. Significant Accounting Policies

The financial statements have been prepared on a liquidating basis in accordance with accounting policies as described in notes 2 and 3 to the non-consolidated financial statements.

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.

Financial Assets

Amount recoverable from liquidation of subsidiary

The Company owns 100% of the share capital of ResLife, which is currently in the process of liquidation, as further discussed in Note 6. The investment was previously carried at cost, less any impairment in value. In accordance with the liquidating basis of accounting, the investment is measured at the amount expected to be recovered on final liquidation of ResLife's assets, after settling all remaining liabilities.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables, which were previously carried at their amortized cost, are measured at their net realizable value, less any costs expected to be incurred in their ultimate collection on liquidation.

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 classified as property and equipment.

Investment properties are initially recognized at cost, including related transaction costs, and subsequently measured at the expected disposal value, less any costs expected to be incurred in their subsequent disposal on liquidation.

Fair values are assessed using the most recently available reports from a qualified external appraisal service and used as the basis for establishing expected disposal value.

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

Office Equipment and Vehicles

Office equipment and vehicles, which was previously recorded at historical cost less accumulated depreciation, is recorded at the value expected to be realized from its ultimate disposition on liquidation, less any anticipated disposal costs.

3. Significant accounting policies (cont'd)

Trade and Other Payables

Accounts payable and accrued liabilities are recognized initially at nominal value and subsequently measured at the expected settlement value. The Company has accrued for all costs and expenses that it expects to incur through the end of liquidation, where it has a reasonable basis for estimation.

Borrowings

Long-term loans are recognised initially at fair value, plus directly attributable transaction costs. After initial recognition, Loans are subsequently measured at their expected settlement value on liquidation.

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.

Taxation

Taxation is estimated based upon the amount expected to be settled in order to fulfil all taxation obligations to the Government of Barbados up until the date of liquidation.

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;

New Life Investment Company Inc.
Notes to the Non-Consolidated Financial Statements – Liquidating Basis
For the year ended March 31, 2019
(Expressed in Barbados Dollars)

3. Significant accounting policies (cont'd)

Related Parties (cont'd)

- (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

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

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 in the period in which such determination is made.

5. Accounts Receivable

Accounts receivable are comprised as follows:

	<u>2019</u>
	\$
Amount due from Judicial Manager	3,621,728
Other	<u>3,175</u>
	<u><u>3,624,903</u></u>

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

6. Amount Recoverable from Liquidation of Subsidiary

The Company owns 100% of the common shares of Resolution Life Assurance Company Ltd., an insurance company incorporated in Barbados and licensed under the Insurance Act by the Financial Services Commission. Resolution Life Assurance Company Ltd. 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.

On March 20, 2019, the GOB announced its intention to voluntarily wind-up the ResLife. The first phase of the liquidation proceedings, in which all amounts due to policyholders were settled in full, was concluded on October 7, 2020. Resolution Life Assurance Company Ltd. has now transitioned into the second and final phase of the liquidation, which entails converting all remaining assets to cash in order to discharge its remaining liabilities. All residual assets will be transferred to the Company on liquidation.

The Investment was previously carried at cost as at March 31, 2018. During the year, consistent with the liquidating basis of accounting, the investment is carried at the expected amount due to the Company on the liquidation of Resolution Life Assurance Company Ltd., as follows:

	<u>2019</u>
	\$
Balance at March 31, 2018 – investment at cost	3,000,000
Transfer of loan due from subsidiary	26,000,000
Transfer of amount due from subsidiary	219,576
Loss on remeasurement of investment in subsidiary (Note 2)	<u>(857,345)</u>
Balance at March 31, 2019 – amount due on liquidation of subsidiary	<u>28,362,231</u>

7. Investments

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

As a part of the GOB debt restructure program, which took effect from October 1, 2018, the bond issued to the Company by the GOB in the amount of \$126,600,000 and the bond payable to ResLife in the amount of \$160,600,000 (Note 11) 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.

The movement in investments during the year is summarized as follows:

	<u>2019</u>
	\$
Balance at March 31, 2018	126,600,000
Cancellation of bond and accrued interest	(162,342,710)
Realized gain	<u>35,742,710</u>
Balance at March 31, 2019	<u> -</u>

New Life Investment Company Inc.
Notes to the Non-Consolidated Financial Statements – Liquidating Basis
For the year ended March 31, 2019
(Expressed in Barbados Dollars)

8. Investment Properties

During the year ended March 31, 2018, 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 net realizable values as determined by the directors are as listed below. 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.

	2019 \$
Clifton Hall Plantation	3,334,500
Crystal Haven	1,818,000
Crystal Heights	544,500
Hothersal Plantation	3,434,250
Todds Great House	2,541,250
Todds Plantation	3,277,500
Wakefield Plantation	<u>3,548,250</u>
	<u>18,498,250</u>

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

	2019 \$
Balance at beginning of year	29,540,500
Unrealized loss on valuation of investment property	<u>(9,930,500)</u>
Market value of investment property	19,610,000
Loss on adoption of liquidation basis of accounting	<u>(1,111,750)</u>
Balance at end of year	<u>18,498,250</u>

9. Vehicles and Equipment

Office equipment and motor vehicles are comprised as follows:

	2019 \$
Motor vehicles	94,148
Computer equipment	<u>8,159</u>
	<u>102,307</u>

10. Term Loan

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.

New Life Investment Company Inc.
Notes to the Non-Consolidated Financial Statements – Liquidating Basis
For the year ended March 31, 2019
(Expressed in Barbados Dollars)

10. Term Loan (cont'd)

To date \$43,414,000 of this facility has been disbursed by the Central Bank of Barbados, in accordance with a directive from the Government of Barbados. These advances have no specified date of repayment. 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. Interest accrued as at March 31st, 2019 amounted to \$1,361,371.

11. Bond Payable to Related Company

The Company issued a preservation bond to its wholly owned subsidiary, ResLife, in the sum of \$126,600,000. The bond bore interest of 0.25% per annum and was to mature on December 31, 2027. Interest was to 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 bore interest at a rate of 6.75% per annum and was to be mature on December 31, 2027. Interest was to be paid bi-annually on June 30 and December 31 beginning June 30 2018.

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

Effective March 31, 2019, the preservation and property bonds payable were cancelled as part of the GOB debt restructure program referred to earlier.

12. 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>2019</u> \$
Common shares	100	5,000
Redeemable convertible preference shares	7,880	<u>788,000</u>
		793,000
Transferred to net assets due to common and preference shareholders		<u>(793,000)</u>
		<u>—</u>

During the year ended March 31, 2018, the Company, pursuant to an order of the High Court of Barbados, issued 7,880 of the redeemable convertible preference shares for total consideration of \$788,000. The Order provided that the principal value of the policies of certain former policyholders of CLICO International Limited be converted into preference shares in the Company, and that such preference shares shall be held together with all associated rights and entitlements. An amount due to redeemable preference shareholders of \$788,000 is included in the statement of net assets.

On March 20, 2019, the Government of Barbados announced its intention to voluntarily wind up the Company and settle all outstanding liabilities. As at the date the financial statements were approved, the Company had not yet filed Articles of Liquidation. On liquidation the redeemable preference

New Life Investment Company Inc.
Notes to the Non-Consolidated Financial Statements – Liquidating Basis
For the year ended March 31, 2019
(Expressed in Barbados Dollars)

12. Stated capital (cont'd)

shareholders shall be entitled to receive an amount equal to the aggregate of \$1.00 for each preference share held together with a sum equal to any arrears of the dividend payable on such share calculated from the latest Dividend Payment Date up to and including the date of commencement of the liquidation. As of the date the financial statements were approved this amount would have been \$7,880 had the Articles of Liquidation been filed.

13. General and administrative expenses

General and administrative expenses are comprised as follows:

	<u>2019</u>
	\$
Advertising	4,448
Audit fees	37,013
Bank charges	1,258
Corporate secretarial expenses	6,125
Directors' fees	86,300
Insurance expenses	41,780
Legal fees	146,807
Professional fees	59,491
Repairs and maintenance	213,966
Office expenses	17,218
Rent	64,716
Salaries and allowances	402,405
Telecommunication and postage	12,943
Write-off of leasehold improvements	<u>173,486</u>
	<u>1,267,956</u>

14. Taxation

The tax on the Company's profits before tax is calculated on the going concern basis using the effective tax rate as follows:

	<u>2019</u>
	\$
Net income before taxation - Liquidation basis	21,569,113
Add: Going concern adjustments	<u>3,883,065</u>
Net Income before taxation - Going Concern basis	<u>25,452,178</u>
Tax calculated at the effective statutory rate of 2.874%	731,692
Tax effect of disallowed items	278,346
Tax effect of brought forward losses	<u>(128,334)</u>
Tax payable	<u>881,704</u>

15. Key management compensation

During the year, the Company incurred an amount of \$301,610 in respect of compensation of key management.