

Eppley Caribbean Property Fund Limited SCC

Consolidated Financial Statements
For the year ended September 30, 2023
(Expressed in Barbados dollars)





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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EPPLEY CARIBBEAN PROPERTY FUND LIMITED SCC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Eppley Caribbean Property Fund Limited SCC and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position of the Value Fund and the Development Fund as at 30 September 2023, and the consolidated statements of comprehensive income/(loss), consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 September 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Key Audit Matters

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

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

INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS OF EPPLEY CARIBBEAN PROPERTY FUND LIMITED SCC

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

Key Audit Matters (Continued)

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
Valuation of investment properties and real estate available for re-sale	
<p>In the Value Fund, approximately 62% of the total assets are investment properties. Investment properties are measured at fair value, as determined by specialists engaged by management.</p> <p>Approximately 48% of the total assets of the Development Fund are real estate available for re-sale. Real estate available for re-sale is measured at the lower of cost and net realizable value.</p> <p>Due to the level of subjectivity involved in the valuation process, we have deemed this area a key audit matter.</p>	<p>We assessed the valuation reports prepared on behalf of management to obtain comfort that the methodology and assumptions used in the valuation were reasonable. We involved our EY valuation specialists to assess the appropriateness of valuation models used and conclusions made by management’s specialists. We verified the underlying data used by management’s specialists. Finally, we assessed the adequacy of disclosures in the consolidated financial statements.</p>

Other Information Included in the Group’s 2023 Annual Report

Other information consists of the information included in the Group’s 2023 Annual Report, other than the consolidated financial statements and our auditor’s report thereon. Management is responsible for the other information. The Group’s 2023 Annual Report is expected to be made available to us after the date of this auditor’s report.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EPPLEY CARIBBEAN PROPERTY FUND LIMITED SCC

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

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EPPLEY CARIBBEAN PROPERTY FUND LIMITED SCC

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EPPLEY CARIBBEAN PROPERTY FUND LIMITED SCC

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

Other Legal and Regulatory Requirements

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

The engagement partner in charge of the audit resulting in this independent auditor's report is Chantal Bachu.



Barbados
December 21, 2023

Eppley Caribbean Property Fund Limited SCC

Consolidated Statement of Financial Position

As at September 30, 2023

(expressed in Barbados dollars)

	Note	2023 \$	2022 \$
Value Fund			
Assets			
Intangibles	13	1,108	1,446
Investment properties	5	98,166,390	75,965,120
Investments in associated companies and joint arrangements	8	37,984,798	34,870,890
Investment securities	12	10,548,534	10,448,534
Loan receivable	10	-	1,776,258
Accounts receivable and prepaid expenses	11	592,139	702,960
Due from related parties	19	1,133,876	728,454
Taxation prepaid		129,121	-
Cash and cash equivalents	9	9,355,875	8,165,986
Total assets		157,911,841	132,659,648
Liabilities			
Loans payable	15	35,484,533	24,163,837
Accounts payable and accrued expenses	14	1,746,803	1,145,615
Security and advance deposits		549,226	420,961
Deferred taxation	22	223,193	186,910
Taxation payable		87,655	91,007
Total liabilities		38,091,410	26,008,330
Total assets less liabilities		119,820,431	106,651,318
Equity			
Capital and reserves attributable to the Group shareholders			
Share capital	20	92,253,097	92,610,581
Other reserves		470,064	546,248
Retained earnings		27,097,270	13,494,489
Total shareholders' funds		119,820,431	106,651,318
Net asset value per share	23	\$0.88	\$0.78

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

Approved by the Board of Directors on December 21, 2023.



Director



Director

Eppley Caribbean Property Fund Limited SCC

Consolidated Statement of Financial Position (*continued*)

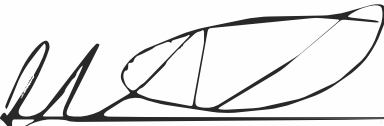
As at September 30, 2023

(expressed in Barbados dollars)

	Note	2023 \$	2022 \$
Development Fund			
Assets			
Real estate available for re-sale	6	9,123,684	13,001,661
Investments in associated companies and joint arrangements	8	3,970,087	3,993,690
Loan receivable	10	4,405,053	-
Accounts receivable and prepaid expenses	11	439,396	429,778
Cash and cash equivalents	9	1,110,128	1,518,386
Total assets		19,048,348	18,943,515
Liabilities			
Accounts payable and accrued expenses	14	79,801	86,316
Security and advance deposits		39,371	63,750
Due to related parties	19	524,995	179,693
Total liabilities		644,167	329,759
Total assets less liabilities		18,404,181	18,613,756
Equity			
Capital and reserves attributable to the Group shareholders			
Share capital	20	28,626,291	28,626,291
Accumulated deficit		(10,222,110)	(10,012,535)
Total shareholders' funds		18,404,181	18,613,756
Net asset value per share	23	\$0.34	\$0.34

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

Approved by the Board of Directors on December 21, 2023.



Director



Director

Eppley Caribbean Property Fund Limited SCC

Consolidated Statement of Changes in Equity

For the year ended September 30, 2023

(expressed in Barbados dollars)

	Attributable to Fund shareholders			
	Share capital \$	Other reserves \$	Retained earnings \$	Total \$
Value Fund				
Balance at September 30, 2021	92,919,797	1,240,354	6,531,851	100,692,002
Dividends declared 1.6 and 0.15 cents per share (note 16)	–	–	(2,592,831)	(2,592,831)
Repurchase of issued shares	(309,216)	–	46,085	(263,131)
Translation reserves	–	(694,106)	–	(694,106)
Total comprehensive income for the year	–	–	9,509,384	9,509,384
Balance at September 30, 2022	92,610,581	546,248	13,494,489	106,651,318
Dividends declared 2.28 and 0.15 cents per share (note 16)	–	–	(3,914,506)	(3,914,506)
Repurchase of issued shares	(357,484)	–	39,081	(318,403)
Translation reserves	–	(76,184)	–	(76,184)
Total comprehensive income for the year	–	–	17,478,206	17,478,206
Balance at September 30, 2023	92,253,097	470,064	27,097,270	119,820,431

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

Eppley Caribbean Property Fund Limited SCC

Consolidated Statement of Changes in Equity...*continued*

For the year ended September 30, 2023

(expressed in Barbados dollars)

	Attributable to Fund shareholders		
	Share capital \$	Accumulated deficit \$	Total \$
Development Fund			
Balance at September 30, 2021	28,626,291	(9,337,680)	19,288,611
Total comprehensive loss for the year	–	(674,855)	(674,855)
Balance at September 30, 2022	28,626,291	(10,012,535)	18,613,756
Total comprehensive loss for the year	–	(209,575)	(209,575)
Balance at September 30, 2023	28,626,291	(10,222,110)	18,404,181

Eppley Caribbean Property Fund Limited SCC

Consolidated Statement of Comprehensive Income/(Loss)

For the year ended September 30, 2023

(expressed in Barbados dollars)

	Notes	2023 \$	2022 \$
Value Fund			
Revenue			
Net rental income	17	4,333,820	4,614,267
Fair value gains on investment property	5	13,441,716	2,174,606
Share of profit of investments accounted for using the equity method	8	2,472,234	5,783,127
Gain on bargain purchase		455,861	–
Interest income		831,540	762,157
Total investment income		21,535,171	13,334,157
Expenses			
Interest expense		1,552,628	1,284,112
Fund management fees	19	809,965	757,623
Investment advisor fees	19	809,965	757,623
Professional fees		525,273	476,600
Directors and subcommittee fees	19	6,800	10,397
Office and administrative expenses		90,212	25,485
Impairment charge on receivables	11	–	11,564
Net foreign exchange loss		25,722	129,309
Operating expenditure		3,820,565	3,452,713
Profit before tax		17,714,606	9,881,444
Taxation	21	(236,400)	(372,060)
Net profit for the year		17,478,206	9,509,384
Other comprehensive loss:			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(76,184)	(694,106)
Total comprehensive income for the year		17,402,022	8,815,278
Earnings per share – basic and diluted	23	\$0.13	\$0.07

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

Eppley Caribbean Property Fund Limited SCC

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

For the year ended September 30, 2023

(expressed in Barbados dollars)

	Notes	2023 \$	2022 \$
Development Fund			
Revenue			
Share of loss of investments accounted for using the equity method	8	(23,603)	(19,127)
Interest income		25,053	–
Other income		–	5,034
Total investment income/(expense)		1,450	(14,093)
Expenses			
Fair value (gains)/losses on real estate available for re-sale	6	(28,507)	344,777
Net carrying costs of real estate available for re-sale	18	119,542	59,020
Professional fees		105,768	87,632
Fund management fees	19	153,180	82,944
Investment advisor fees	19	153,180	82,944
Net gains on sale of real estate available for re-sale		(297,390)	–
Directors and sub-committee fees	19	1,200	1,980
Office and administrative expenses		4,052	1,465
Operating expenditure		211,025	660,762
Net loss for the year		(209,575)	(674,855)
Attributable to:			
Cellular property fund shareholders		(209,575)	(674,855)
Total comprehensive loss for the year		(209,575)	(674,855)
Loss per share – basic and diluted	23	\$0.00	\$0.00

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

Eppley Caribbean Property Fund Limited SCC

Consolidated Statement of Cash Flows

For the year ended September 30, 2023

(expressed in Barbados dollars)

Value Fund	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Profit before tax		17,714,606	9,881,444
Adjustments for:			
Fair value gains on investment property	5	(13,441,716)	(2,174,606)
Net foreign exchange loss		25,722	129,309
Share of gains of investments accounted for using the equity method	8ii	(2,472,234)	(5,783,127)
Gain on bargain purchase		(455,861)	–
Impairment charge on receivables		–	11,564
Depreciation		243	1,665
Interest income		(831,540)	(762,157)
Interest expense		1,552,628	1,284,112
Operating income before working capital changes		2,091,848	2,588,204
Net decrease in accounts receivable and prepaid expenses		111,600	283,831
Decrease in loans receivable		1,740,000	2,000,000
Increase/(decrease) in accounts payable and accrued expenses		643,845	(1,983)
Increase/(decrease) in security and advance deposits		138,801	(715)
Net (increase)/decrease in due to/from related parties		(405,422)	146,533
Additions to investment properties	5	(1,330,030)	(401,944)
Addition to intangibles		–	(1,445)
Cash generated from operations		2,990,642	4,612,481
Interest received		767,798	690,323
Interest paid		(1,374,129)	(1,224,042)
Tax paid		(328,194)	(325,861)
Net cash generated by operating activities		2,056,117	3,752,901
Cash flows from investing activities			
Investment in associated companies	8ii	(5,160,001)	(423,613)
Distributions from associated companies	8ii	2,263,345	2,202,306
Acquisition of investment securities		–	(10,400,000)
Acquisition of subsidiary		(4,934,794)	–
Net cash used in investing activities		(7,831,450)	(8,621,307)
Cash flows from financing activities			
Shares repurchased		(318,403)	(263,131)
Dividends paid	16	(3,914,506)	(2,592,831)
Loans received		13,713,878	5,329,974
Loans repaid		(2,718,424)	(5,740,589)
Net cash generated from/(used in) financing activities		6,762,545	(3,266,577)
Net increase/(decrease) in cash and cash equivalents		987,212	(8,134,983)
Effects of foreign exchange rates changes on cash and cash equivalents		202,677	(28,190)
Cash and cash equivalents – beginning of year		8,165,986	16,329,159
Cash and cash equivalents – end of year	9	9,355,875	8,165,986

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

Eppley Caribbean Property Fund Limited SCC

Consolidated Statement of Cash Flows...*continued*

For the year ended September 30, 2023

(expressed in Barbados dollars)

Development Fund	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Total comprehensive loss for the year		(209,575)	(674,855)
Adjustments for:			
Share of loss of investments accounted for using the equity method	8	23,603	19,127
Net gain on sale of real estate available for re-sale	18	(297,390)	–
(Impairment loss)/fair value gain on real estate available for re-sale	6	(28,507)	344,777
Interest income		(25,053)	–
Operating loss before working capital changes		(536,922)	(310,951)
Increase in accounts receivable and prepaid expenses		(9,618)	(10,255)
Decrease in accounts payable and accrued expenses		(6,515)	(8,651)
(Decrease)/increase in security and advance deposits		(24,379)	11,375
Net increase/(decrease) in due to/from related parties		345,302	(211,048)
Net proceeds from sale of real estate available for re-sale		4,203,874	–
Loans receivable		(4,380,000)	–
Net cash used in operating activities		(408,258)	(529,530)
Cash flows from investing activities			
Distributions from associated companies	8	–	468,000
Net cash generated by investing activities		–	468,000
Net decrease in cash and cash equivalents		(408,258)	(61,530)
Cash and cash equivalents – beginning of year		1,518,386	1,579,916
Cash and cash equivalents – end of year	9	1,110,128	1,518,386

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

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

1 Incorporation and principal activities

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

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

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

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

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

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

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

These consolidated financial statements have been authorised for issue by the Board of Directors on December 21, 2023.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

2 Summary of significant accounting policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The consolidated financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of certain financial assets held at fair value through profit or loss and investment properties which are carried at fair value.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

New and amended standards adopted by the Group

Certain new accounting standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. None of these new standards, interpretations and amendments are relevant to the Company or to its operations.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2023, and have not been applied in preparing these consolidated financial statements. The Group is assessing the impact that these standards will have on the consolidated financial statements when they are adopted. These are as follows:

- **IFRS 17 Insurance Contracts** (Effective for annual periods beginning on or after January 1, 2023). In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. In June 2020, the IASB issued amendments to IFRS 17. These amendments included changing the effective date to 2023. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions apply.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

2 Summary of significant accounting policies...continued

a) Basis of preparation...continued

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

- **International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12** (Effective immediately upon issuance). In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively. The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issue of the amendments.
- **Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2** (Effective for annual periods beginning on or after January 1, 2023). In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
 - Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
 - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
- **Definition of Accounting Estimates – Amendments to IAS 8** (Effective for annual periods beginning on or after January 1, 2023). In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of ‘accounting estimates’. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.
- **Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12** (Effective for annual periods beginning on or after January 1, 2023). In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

2 Summary of significant accounting policies...continued

a) Basis of preparation...continued

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

- **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28.** In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted. The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions. The amendments must be applied prospectively. Early application is permitted and must be disclosed.
- **Lease Liability in a Sale and Leaseback – Amendments to IFRS 16** (Effective for annual periods beginning on or after January 1, 2024). In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16 Leases specifies the requirements that a seller–lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller–lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.
- **Classification of Liabilities as Current or Non–current – Amendments to IAS 1** (Effective for annual periods beginning on or after January 1, 2024). In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non–current. The amendments clarify:
 - What is meant by a right to defer settlement
 - That a right to defer must exist at the end of the reporting period
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right
 - That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification
- **Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7** (Effective for annual periods beginning on or after January 1, 2024). In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

2 Summary of significant accounting policies...continued

a) Basis of preparation...continued

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

- **Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7...continued**

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

- **Lack of Exchangeability – Amendments to IAS 21** (Effective for annual periods beginning on or after January 1, 2025). In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. When applying the amendments, an entity cannot restate comparative information.

There are no other IFRSs that are not yet effective that would be expected to have a material impact on the Group.

b) Consolidation

i) *Subsidiaries*

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

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

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

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

2 Summary of significant accounting policies...continued

b) Consolidation ...continued

i) Subsidiaries ...continued

The Group's subsidiary holdings are set out below:

	2023	2022
Value Fund		
Retirement Road Holdings Limited	100%	100%
Alamac Property	100%	100%
ECPF Property Holdings (Trinidad) Limited	100%	100%
693STR Limited	100%	–
ECPF Industrial Property Holdings Limited	100%	–
ECPF Property Holdings (St. Vincent) Limited	100%	–
See note 8 below for further details.		
Development Fund		
Fortress (St. Lucia) Limited	100%	100%
JK Holdings Limited	100%	100%

Changes in ownership interests in subsidiaries without change of control

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

Disposal of subsidiaries

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

ii) Associates

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

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

2 Summary of significant accounting policies...continued

b) Consolidation...continued

ii) Associates... continued

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

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

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

The Group's associate holdings are set out below:

	2023	2022
Development Fund		
Contonou Shores Ltd.	35%	35%
Rockley Development Limited	50%	50%
Canouan CS&F Investments Limited	35%	35%

iii) Joint arrangements

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

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

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. The Group accounts for its share of the assets, liabilities, revenue and expenses of the joint operation.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

2 Summary of significant accounting policies...continued

b) Consolidation...continued

iii) Joint arrangements...continued

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

	2023	2022
Value Fund		
Joint ventures		
The Sunset Joint Venture	24%	24%
The CS&C Joint Venture – account 1	36%	36%
Emerald City Trust	30%	30%
Mall Plaza	40%	40%
693STR Limited	–	50%
ECPF Molynees Property Holdings Limited	50%	50%
ECPF Property Holdings (Jamaica) Limited	50%	–
	2023	2022
Development Fund		
Joint ventures		
The CS&C Joint Venture – account 2	36%	36%
Joint operations		
Rockley Joint Venture	50%	50%

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

Effective December 12, 2022, the Value Fund acquired the remaining 50% stake in 693STR Limited. Further details can be found in note 7 below.

iv) Business combinations

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

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

2 Summary of significant accounting policies...continued

c) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

d) Investment and other financial assets

(i) *Classification*

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

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

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

(ii) *Recognition and derecognition*

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

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

2 Summary of significant accounting policies...continued

d) Investment and other financial assets...continued

(iii) Measurement

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

Equity instruments

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

(iv) Impairment

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

The Group's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

e) Accounting for leases

As lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments). The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point. The lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

2 Summary of significant accounting policies...continued

e) Accounting for leases...continued

Right-of-use asset is measured at cost comprising the following:

- The amount of the initial measurement of lease liability,
- Any lease payments made at or before the commencement date less any lease incentives received,
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

As lessor

When assets are sold under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned income. Lease income is recognised over the term of the lease to reflect a constant periodic rate of return.

f) Investment properties

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

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

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

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

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

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

2 Summary of significant accounting policies...continued

g) Real estate available for re-sale

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

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

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

h) Cash and cash equivalents

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

i) Accounts receivable

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

j) Accounts payable and accrued expenses

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

k) Share capital

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

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

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

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

2 Summary of significant accounting policies...continued

l) Net asset value per share and earnings per share

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

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

m) Dividends payable

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

n) Revenue from contracts with customers

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

The Group recognises revenue when it transfers control over the rental space, being when the tenant takes up occupancy. This represents the time when delivery is deemed to have taken place as the Group has objective evidence that all criteria for acceptance have been satisfied, upon the signing of the contract by the tenant.

The signing of the contract by all concerned parties as well as making rental space available for the tenant represents the fulfilment of the performance obligation. Contracts usually specify that the due dates of rental payments are on a monthly basis. Revenue from rental income is henceforth recognised accordingly, on an accrual basis.

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

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

o) Taxation

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

In calculating the assessable income of the Group for tax purposes, the Act provides for a deduction of up to 100% of the income that is designated to be the income of the Group shareholders. However, some subsidiaries of the Group are subjected to taxation. Taxation on the profit or loss for the year comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

2 Summary of significant accounting policies...continued

o) Taxation...continued

statement of comprehensive income, except where they relate to items recorded in shareholders' equity, in which case they are charged or credited to equity.

(i) Current taxation

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

(ii) Deferred income taxes

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

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

p) Expenses

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

q) Management and advisory fees

Eppley Fund Managers Limited serves as manager and registrar of the Group. As a result of providing investment advisory, management and registrar services, Eppley Fund Managers Limited receives management and advisory fees based on the average net asset value of the Group, calculated monthly and payable in arrears, at the rate of 1.5% per annum of the net asset value of the Value Fund and 0.75% per annum of the net asset value of the Development Fund. The manager receives a progress fee of 4% of the net proceeds of any non-income generating property sold at fair market value within the Development Fund.

r) Loans payable

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

s) Segment reporting

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

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

2 Summary of significant accounting policies...continued

t) Security and advance deposits

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

3 Critical accounting estimates and assumptions

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

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

4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (which includes price risk and interest rate risk), credit risk and liquidity risk.

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

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

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

Market risk

i) Price risk

The Group is exposed to market price risk arising primarily from the changes in equity prices. At September 30, 2023 and 2022, the Group has no exposure to market price risk.

ii) Cash flows and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group holds the majority of its long term borrowings in fixed rate instruments. The details of the Group's long-term borrowings are included in note 15. Any excess cash and cash equivalents of the Group are invested at short-term market interest rates. The effective yield on cash and cash equivalents is disclosed in note 9.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

4 Financial risk management...continued

Market risk...continued

ii) Cash flows and fair value interest rate risk...continued

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

	0-3 months \$	4 months to 1 year \$	Over 1 year \$	Non-interest bearing \$	Total \$
September 30, 2023					
Value Fund					
Financial assets					
Investment securities	–	–	10,400,000	148,534	10,548,534
Accounts receivable	–	–	–	475,081	475,081
Due from related parties	–	–	–	1,133,876	1,133,876
Cash and cash equivalents	2,571,805	–	–	6,784,070	9,355,875
Total financial assets	2,571,805	–	10,400,000	8,541,561	21,513,366
Financial liabilities					
Loans payable	4,535,175	2,479,866	28,118,260	351,232	35,484,533
Accounts payable	–	–	–	1,548,601	1,548,601
Security and advance deposits	–	–	–	549,226	549,226
Total financial liabilities	4,535,175	2,479,866	28,118,260	2,449,059	37,582,360
Development Fund					
Financial assets					
Accounts receivable	–	–	–	385,073	385,073
Cash and cash equivalents	–	–	–	1,110,128	1,110,128
Total financial assets	–	–	–	1,495,201	1,495,201
Financial liabilities					
Accounts payable	–	–	–	32,072	32,072
Security and advance deposits	–	–	–	39,371	39,371
Due to related parties	–	–	–	524,995	524,995
Total financial liabilities	–	–	–	596,438	596,438

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

4 Financial risk management ...continued

Market risk ...continued

ii) Cash flows and fair value interest rate risk...continued

	0–3 months \$	4 months to 1 year \$	Over 1 year \$	Non–interest bearing \$	Total \$
September 30, 2022					
Value Fund					
Financial assets					
Investment securities	48,534	–	10,400,000	–	10,448,534
Loan receivable	–	1,740,000	–	36,258	1,776,258
Accounts receivable	–	–	–	594,479	594,479
Due from related parties	–	–	–	728,454	728,454
Cash and cash equivalents	2,831,865	–	–	5,334,121	8,165,986
Total financial assets	2,880,399	1,740,000	10,400,000	6,693,312	21,713,711
Financial liabilities					
Loans payable	117,486	13,452,842	10,415,508	178,001	24,163,837
Accounts payable	–	–	–	1,068,719	1,068,719
Security and advance deposits	–	–	–	420,961	420,961
Total financial liabilities	117,486	13,452,842	10,415,508	1,667,681	25,653,517
Development Fund					
Financial assets					
Accounts receivable	–	–	–	375,193	375,193
Cash and cash equivalents	–	–	–	1,518,386	1,518,386
Total financial assets	–	–	–	1,893,579	1,893,579
Financial liabilities					
Accounts payable	–	–	–	64,344	64,344
Security and advance deposits	–	–	–	63,750	63,750
Due to related parties	–	–	–	179,693	179,693
Total financial liabilities	–	–	–	307,787	307,787

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

4 Financial risk management ...continued

Market risk ...continued

ii) Cash flows and fair value interest rate risk...continued

At September 30, 2023, the majority of the Group's financial assets and liabilities are interest bearing. In the prior year, the financial assets and liabilities were mainly interest bearing. The Group's long term debt are fixed rate instruments. As a result, the Group is not subject to significant amounts of cash flow interest risk due to fluctuation in the prevailing levels of market interest rates.

iii) Foreign currency risk

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

Credit risk

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

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

	Value Fund \$	Development Fund \$
September 30, 2023		
Investment securities	10,548,534	–
Accounts receivable	475,081	385,073
Due from related parties	1,133,876	–
Cash and cash equivalents	9,355,875	1,110,128
	<hr/>	<hr/>
Total financial assets	21,513,366	1,495,201
September 30, 2022		
Investment securities	10,448,534	–
Loan receivable	1,776,258	–
Accounts receivable	594,479	375,193
Due from related parties	728,454	–
Cash and cash equivalents	8,165,986	1,518,386
	<hr/>	<hr/>
Total financial assets	21,713,711	1,893,579

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

4 Financial risk management...continued

Credit risk...continued

As at September 30, 2022, the loan receivable comprised of a vendor's mortgage held in 693STR Limited, for the purchase of property located at 693 Spanish Town Road, Kingston 11, Jamaica. This property was purchased during the prior financial year and serves as the collateral security on the loan. During the year, the Group acquired the remaining 50% stake in 693STR Limited, resulting in the elimination of the loan balance through consolidation.

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

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

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

	Value Fund \$	Development Fund \$
September 30, 2023		
CIBC FirstCaribbean International Bank Limited (not rated)	4,886,758	1,110,128
Republic Bank (Barbados) Limited	779,236	—
NCB Capital Markets Limited	165,728	—
NCB Merchant Bank (Trinidad & Tobago) Limited	1,063,275	—
National Commercial Bank Jamaica Limited (not rated)	1,118,076	—
National Commercial Bank Jamaica Limited (DSRA)	53,689	—
JMMB Bank (Jamaica) Limited	12,492	—
Jamaica Money Market Brokers Limited	1,276,621	—
	9,355,875	1,110,128
September 30, 2022		
CIBC FirstCaribbean International Bank Limited (not rated)	2,181,320	1,518,386
Republic Bank (Barbados) Limited	779,371	—
NCB Capital Markets Limited	82,817	—
NCB Merchant Bank (Trinidad & Tobago) Limited	2,682,160	—
National Commercial Bank Jamaica Limited (not rated)	2,373,430	—
National Commercial Bank Jamaica Limited (DSRA)	54,328	—
JMMB Bank (Jamaica) Limited	12,560	—
	8,165,986	1,518,386

The Group's past due or impaired financial assets are disclosed in note 11.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

4 Financial risk management...continued

Liquidity risk

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

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

	0 – 3 months \$	4 months to 1 year \$	1 – 5 years \$	Over 5 years \$	No stated maturity \$	Total \$
Value Fund						
September 30, 2023						
Assets						
Investment securities	156,000	468,000	12,584,000	–	–	13,208,000
Accounts receivable	475,081	–	–	–	–	475,081
Due from related parties	–	–	–	–	1,133,876	1,133,876
Cash and cash equivalents	2,571,805	–	–	–	6,784,070	9,355,875
Total financial assets	3,202,886	468,000	12,584,000	–	7,917,946	24,172,832
Liabilities						
Loans payable	730,529	3,615,915	23,653,532	11,246,104	–	39,246,080
Accounts payable	1,548,601	–	–	–	–	1,548,601
Security and advance deposits	135,725	89,828	240,282	60,828	22,563	549,226
Total financial liabilities	2,414,855	3,705,743	23,893,814	11,306,932	22,563	41,343,907
Net liquidity gap	788,031	(3,237,743)	(11,309,814)	(11,306,932)	7,895,383	(17,171,075)
Cumulative gap	788,031	(2,449,712)	(13,759,526)	(25,066,458)	(17,171,075)	

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

4 Financial risk management...continued

Liquidity risk...continued

	0 – 3 months \$	4 months to 1 year \$	1 – 5 years \$	Over 5 years \$	No stated maturity \$	Total \$
Value Fund						
September 30, 2022						
Assets						
Investment securities	156,000	468,000	2,496,000	10,712,000	–	13,832,000
Loan receivable	71,058	1,844,400	–	–	–	1,915,458
Accounts receivable	430,682	163,797	–	–	–	594,479
Due from related parties	–	–	–	–	728,454	728,454
Cash and cash equivalents	5,483,826	–	–	2,682,160	–	8,165,986
Total financial assets	6,141,566	2,476,197	2,496,000	13,394,160	728,454	25,236,377
Liabilities						
Loans payable	633,066	3,802,588	15,245,868	10,572,946	–	30,254,468
Accounts payable	1,068,719	–	–	–	–	1,068,719
Security and advance deposits	97,465	65,702	182,414	75,380	–	420,961
Total financial liabilities	1,799,250	3,868,290	15,428,282	10,648,326	–	31,744,148
Net liquidity gap	4,342,316	(1,392,093)	(12,932,282)	2,745,834	728,454	(6,507,771)
Cumulative gap	4,342,316	2,950,223	(9,982,059)	(7,236,225)	(6,507,771)	

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

4 Financial risk management...continued

Liquidity risk...continued

	0 – 3 months \$	3 months to 1 year \$	1 – 5 years \$	No stated maturity \$	Total \$
Development Fund					
September 30, 2023					
Assets					
Accounts receivable	375,073	–	–	10,000	385,073
Cash and cash equivalents	1,110,128	–	–	–	1,110,128
Total financial assets	1,485,201	–	–	10,000	1,495,201
Liabilities					
Accounts payable	32,072	–	–	–	32,072
Security and advance deposits	39,371	–	–	–	39,371
Due to related parties	524,995	–	–	–	524,995
Total financial liabilities	596,438	–	–	–	596,438
Net liquidity gap	888,763	–	–	10,000	898,763
Cumulative gap	888,763	888,763	888,763	898,763	
September 30, 2022					
Assets					
Accounts receivable	24,135	341,058	–	10,000	375,193
Cash and cash equivalents	1,518,386	–	–	–	1,518,386
Total financial assets	1,542,521	341,058	–	10,000	1,893,579
Liabilities					
Accounts payable	64,344	–	–	–	64,344
Security and advance deposits	63,750	–	–	–	63,750
Due to related parties	179,693	–	–	–	179,693
Total financial liabilities	307,787	–	–	–	307,787
Net liquidity gap	1,234,734	341,058	–	10,000	1,585,792
Cumulative gap	1,234,734	1,575,792	1,575,792	1,585,792	

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

4 Financial risk management...continued

Fair value estimation

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

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

The Group is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following Levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest Level input that is significant to the fair value measurement in its entirety.

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

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

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

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

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

As at September 30, 2023, there are no financial assets carried at fair value through profit or loss.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

4 Financial risk management...continued

Fair value estimation...continued

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

The following table analyses within the fair value hierarchy the Group's assets and liabilities (by class) not measured at fair value at September 30, 2023 but for which fair value is disclosed. As presented in the table below, the carrying value of the assets and liabilities approximates their fair value at September 30, 2023.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
September 30, 2023				
Value Fund				
Assets				
Investment securities	–	10,548,534	–	10,548,534
Accounts receivable and prepaid expenses	–	592,139	–	592,139
Due from related parties	–	1,133,876	–	1,133,876
Cash and cash equivalents	9,355,875	–	–	9,355,875
Total	9,355,875	12,274,549	–	21,630,424
Liabilities				
Loans payable	–	35,484,533	–	35,484,533
Accounts payable and accrued expenses	–	1,746,803	–	1,746,803
Security and advance deposits	–	549,226	–	549,226
Total	–	37,780,562	–	37,780,562
Development Fund				
Assets				
Accounts receivable and prepaid expenses	–	439,396	–	439,396
Cash and cash equivalents	1,110,128	–	–	1,110,128
Total	1,110,128	439,396	–	1,549,524
Liabilities				
Accounts payable and accrued expenses	–	79,801	–	79,801
Security and advance deposits	–	39,371	–	39,371
Due to related parties	–	524,995	–	524,995
Total	–	644,167	–	644,167

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

4 Financial risk management...continued

Fair value estimation...continued

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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
September 30, 2022				
Value Fund				
Assets				
Investment securities	–	10,448,534	–	10,448,534
Loans receivable	–	1,776,258	–	1,776,258
Accounts receivable and prepaid expenses	–	702,960	–	702,960
Due from related parties	–	728,454	–	728,454
Cash and cash equivalents	8,165,986	–	–	8,165,986
Total	8,165,986	13,656,206	–	21,822,192
Liabilities				
Loans payable	–	24,163,837	–	24,163,837
Accounts payable and accrued expenses	–	1,145,615	–	1,145,615
Security and advance deposits	–	420,961	–	420,961
Total	–	25,730,413	–	25,730,413
Development Fund				
Assets				
Accounts receivable and prepaid expenses	–	429,778	–	429,778
Cash and cash equivalents	1,518,386	–	–	1,518,386
Total	1,518,386	429,778	–	1,948,164
Liabilities				
Accounts payable and accrued expenses	–	86,316	–	86,316
Security and advance deposits	–	63,750	–	63,750
Due to related parties	–	179,693	–	179,693
Total	–	329,759	–	329,759

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

4 Financial risk management...continued

Fair value estimation...continued

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

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

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

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

Capital risk management

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

5 Investment properties

An independent valuation of the Value Fund's investment properties was performed by valuers to determine the fair value of the investment properties as at September 30, 2023. The fair value gains/losses recognised have been recorded in the consolidated statement of comprehensive income.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

5 Investment properties...continued

2023	Fair value hierarchy/ level	Fair value b/fwd \$	Additions \$	Foreign exchange (losses)/ gains \$	Fair value gains/(losses) \$	Fair value c/fwd \$
Value Fund						
	3	7,000,000	–	–	–	7,000,000
	3	7,400,000	–	–	350,000	7,750,000
	3	1,700,000	–	–	600,000	2,300,000
	3	4,150,000	39,053	–	1,210,948	5,400,001
	3	9,100,000	–	–	2,800,000	11,900,000
	3	2,878,755	–	(52,255)	54,418	2,880,918
	3	8,715,472	–	(161,051)	910,517	9,464,938
	3	9,950,000	–	–	(150,000)	9,800,000
	3	13,800,000	–	–	640,000	14,440,000
	3	5,659,471	–	121,528	5,186	5,786,185
	3	5,611,422	–	131,388	1,461	5,744,271
	3	–	*8,730,109	(49,218)	7,019,186	15,700,077
		75,965,120	8,769,162	(9,608)	13,441,716	98,166,390

*Includes property value on acquisition of 693STR Limited of \$7,434,376, additions during the year of \$1,290,977 and foreign exchange translation difference of \$4,756. Total additions during the year amounted to \$1,330,030.

2022	Fair value hierarchy/ level	Fair value b/fwd \$	Additions \$	Foreign exchange losses \$	Fair value (losses)/gains \$	Fair value c/fwd \$
Value Fund						
	3	7,000,000	–	–	–	7,000,000
	3	7,650,000	–	–	(250,000)	7,400,000
	3	1,450,000	–	–	250,000	1,700,000
	3	4,300,000	121,266	–	(271,266)	4,150,000
	3	9,100,000	–	–	–	9,100,000
	3	2,954,774	–	(76,019)	–	2,878,755
	3	7,996,980	–	(189,233)	907,725	8,715,472
	3	9,850,000	–	–	100,000	9,950,000
	3	12,800,000	–	–	1,000,000	13,800,000
	3	5,089,684	133,682	(39,748)	475,853	5,659,471
	3	5,616,202	146,996	(114,070)	(37,706)	5,611,422
		73,807,640	401,944	(419,070)	2,174,606	75,965,120

During the year the investment properties were appraised by independent valuers at \$98,166,390 (2022 – \$75,965,120). Valuations were performed as at March 31, 2023 and September 30, 2023 by professional independent valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

5 Investment properties...continued

These valuations form the basis for the carrying amounts in the consolidated financial statements. Due to the nature of the process, valuations may differ between professional valuers.

Valuation techniques used to derive Level 3 fair values

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

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

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

Description	Valuation \$	Valuation technique	Level 3—Range of unobservable inputs	
			Long-term net operating income margin	Capitalisation rate for terminal value
September 30, 2023				
No. 24 Broad Street	7,750,000	Income Capitalization	87.62%	8.75%
The Chattel Village	2,300,000	Income Capitalization	48.24%	—
Alamac	5,400,001	Income Capitalization	88.71%	8.75%
Hastings Business Centre	9,800,000	Income Capitalization	100.00%	8.25%
Carlisle House	7,000,000	Sales Comparison	—	10.00%
Angels Pen	11,900,000	Sales Comparison and Income Capitalization	—	9.00%
105–107 Marcus Garvey	14,440,000	Income Capitalization	—	8.00%
227 Marcus Garvey Drive	2,880,918	Income Capitalization	—	8.00%
Empire Plaza	9,464,938	Income Capitalization	—	9.00%
155–157 Tragarete Road	5,786,185	Income Capitalization	—	7.00%
52 Valsayn Branch Road	5,744,271	Income Capitalization	—	8.00%
693 Spanish Town Road	15,700,077	Income Capitalization	—	9.00%

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

5 Investment properties...continued

Valuation techniques used to derive Level 3 fair values...continued

Description	Valuation \$	Valuation technique	Level 3—Range of unobservable inputs	
			Long-term net operating income margin	Capitalisation rate for terminal value
September 30, 2022				
Carlisle House	7,000,000	Market and Income Capitalization	23.09%	10.00%
No. 24 Broad Street	7,400,000	Income Capitalization	91.69%	8.75%
The Chattel Village	1,700,000	Income Capitalization	38.66%	—
Alamac	4,150,000	Income Capitalization	82.66%	8.75%
Hastings Business Centre	9,950,000	Income Capitalization	100.00%	8.25%
Angels Pen	9,100,000	Sales Comparison and Income Capitalization	—	9.00%
105–107 Marcus Garvey	13,800,000	Income Capitalization	—	8.00%
227 Marcus Garvey Drive	2,878,755	Income Capitalization	—	8.00%
Empire Plaza	8,715,472	Income Capitalization	—	8.93%
155–157 Tragarete Road	5,659,471	Income Capitalization	—	7.00%
52 Valsayn Branch Road	5,611,422	Income Capitalization	—	8.00%

Valuation processes

The Group's investment properties were valued at March 31, 2023, and September 30, 2023, by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

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

At each financial year end the valuation team:

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

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

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

6 Real estate available for re-sale

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

	Cost	Value at b/fwd	Disposals	Fair value (losses)/gains	Value c/fwd
	\$	\$	\$	\$	\$
2023					
Development Fund					
Developed properties:					
Lime Grove Hillside Villa	1,802,994	1,101,471	–	(6,268)	1,095,203
Apes Hill Polo Villa #3	1,867,698	1,167,306	–	34,775	1,202,081
Apes Hill Polo Villa #18	1,350,000	1,180,558	(1,180,558)	–	–
Land and properties under development:					
Wotton lands	6,792,578	4,968,000	–	–	4,968,000
Holders land	1,826,375	984,400	–	–	984,400
Rockley– Central area lands	1,591,933	874,000	–	–	874,000
Villas on the Green lands	4,862,044	2,725,926	(2,725,926)	–	–
		13,001,661	(3,906,484)	28,507	9,123,684
2022					
Development Fund					
Developed properties:					
Lime Grove Hillside Villa	1,802,994	1,105,228	(3,757)	1,101,471	
Apes Hill Polo Villa #3	1,867,698	1,197,607	(30,301)	1,167,306	
Apes Hill Polo Villa #18	1,350,000	1,215,277	(34,719)	1,180,558	
Land and properties under development:					
Wotton lands	6,792,578	5,244,000	(276,000)	4,968,000	
Holders land	1,826,375	984,400	–	984,400	
Rockley– Central area lands	1,591,933	874,000	–	874,000	
Villas on the Green lands	4,862,044	2,725,926	–	2,725,926	
		13,346,438	(344,777)	13,001,661	

Real estate available for re-sale is carried at lower of cost and net realisable value. During the year impairment tests were performed on the carrying value of the real estate available for re-sale. Based on these tests, the real estate available for re-sale were subsequently adjusted to their net realisable values resulting in a net fair value gain of \$28,507 (2022 – impairment loss of \$344,777) being recognised.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

6 Real estate available for re-sale...continued

Valuations performed by professional valuers are utilised in the process of determining the net realisable value of the real estate available for re-sale. Due to the nature of the valuation process, valuations may differ between professional valuers. The effect on net income of an across the board 10% depreciation in the net realisable value of the Group's real estate available for re-sale would amount to \$912,368 (2022 – \$1,300,166).

7 Investment in subsidiaries

The Group had the following subsidiaries at September 30, 2023:

Name	Country of incorporation	Proportion of ordinary shares directly held by parent (%)
Value Fund		
Alamac Properties Limited	Barbados	100%
Retirement Road Holdings Limited	St. Lucia	100%
693STR Limited	St. Lucia	100%
ECPF Property Holdings (Trinidad) Limited	Trinidad and Tobago	100%
ECPF Property Holdings (St. Vincent) Limited	St. Vincent and the Grenadines	100%
Development Fund		
Fortress (St. Lucia) Limited	St. Lucia	100%
JK Holdings Limited	Barbados	100%

The Value Fund owns a 100% interest in Retirement Road Holdings Limited, a company incorporated in St. Lucia. This company owns the Empire Plaza, located at 1–3 Retirement Road, Kingston 5, Jamaica. The Value Fund also owns a 100% interest in Alamac Properties Limited which is located at Fontabelle, St. Michael, Barbados. Acquired in 2021 was 100% interest in ECPF Property Holdings (Trinidad) Limited, a company incorporated in Trinidad and Tobago. This company owns two properties located at 155–157 Tragarete Road, Woodbrook, Port of Spain, Trinidad and 52 Valsayn Branch Road, adjacent to corner of the Southern Main Road and Churchill Roosevelt Highway, Curepe, Trinidad. Acquired in 2023 was ECPF Property Holdings (St. Vincent) Limited, a company incorporated under the laws of St. Vincent and the Grenadines. The Value Fund also acquired the remaining 50% stake in 693STR Limited, a company incorporated under the laws of St. Lucia and owing investment property located at 693 Spanish Town Road in Jamaica.

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

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

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

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements

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

	Value Fund \$	Development Fund \$
September 30, 2023		
Associates	–	3,066,406
Joint ventures	37,984,798	903,681
	<u>37,984,798</u>	<u>3,970,087</u>

The amounts recognised in the consolidated statement of comprehensive income are as follows:

Associates	–	(14,073)
Joint ventures	2,472,234	(9,530)
	<u>2,472,234</u>	<u>(23,603)</u>

September 30, 2022

Associates	–	3,075,936
Joint ventures	34,870,890	917,754
	<u>34,870,890</u>	<u>3,993,690</u>

The amounts recognised in the consolidated statement of comprehensive income are as follows:

Associates	–	(17,442)
Joint ventures	5,783,127	(1,685)
	<u>5,783,127</u>	<u>(19,127)</u>

i) Investment in associates

Set out below are the associates of the Group as at September 30, 2023, which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

The nature of investment in associates:

Name of entity	Place of business	Percentage of ownership interest	Measurement method	2023 \$	2022 \$
Development Fund					
Contonou Shores Ltd.	Canouan Island, St. Vincent and the Grenadines	35%	Equity	2,890,327	2,899,857
Canouan CS&F Investments Limited	Canouan Island, St. Vincent and the Grenadines	35%	Equity	176,079	176,079
				<u>3,066,406</u>	<u>3,075,936</u>

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements...continued

i) Investment in associates...continued

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

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

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

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

ii) Investments in associates and in joint arrangements

	2023 \$	2022 \$
Value Fund		
At October 1	34,870,890	31,208,140
Investment in joint venture	5,160,000	423,613
Transferred to investment in subsidiary	(2,048,479)	–
Distribution of profits	(2,263,345)	(2,202,306)
Share of profit	2,472,234	5,783,127
Translation differences	(206,502)	(341,684)
At September 30	37,984,798	34,870,890
Development Fund		
At October 1	3,993,690	4,480,817
Distribution of profits	–	(468,000)
Share of loss	(14,073)	(9,747)
Share of expenses	(9,530)	(9,380)
At September 30	3,970,087	3,993,690

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

Name of entity	Place of business	Percentage of ownership interest	Measurement method
Value Fund			
The Sunset Joint Venture	Barbados	24%	Equity
The CS&C Joint Venture– account 1	Barbados	36%	Equity
Emerald City Trust	Barbados	30%	Equity
Mall Plaza	Jamaica	40%	Equity
ECPF Molynees Property Holdings Limited	Jamaica	50%	Equity
ECPF Property Holdings (Jamaica) Limited	Jamaica	50%	Equity
Development Fund			
The CS&C Joint Venture– account 2	Barbados	36%	Equity

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements...continued

ii) Investments in associates and in joint arrangements...continued

The Value Fund has a 24% (2022: 24%) interest in a joint venture partnership called The Sunset Joint Venture. The partnership was formed to facilitate the purchase of the Sunset Mall, a commercial property at Sunset Crest, St. James.

The Group has a 36% (2022: 36%) interest in a joint venture partnership called The CS&C Joint Venture. The partnership was formed to facilitate the purchase of land and buildings previously owned by Cave Shepherd and Co. Ltd. and Carter Holdings Limited. The partnership has 7.6 acres of undeveloped land at Lower Estate and the Cave Shepherd building at 10–14 Broad Street.

Following the split of the Group on October 1, 2013, into a segregated cell company, the assets of the joint arrangements were allocated to each cell based on the investment objective of each cell as well as the characteristics of the underlying properties of the arrangements. As a result certain properties within the CS&C Joint Venture were split between the Value Fund and the Development Fund. At the time of the formation of the cell entities the rights to the property held for re-sale in the CS&C Joint Venture were allocated to the Development Fund. Together both cells own 36% (2022: 36%) of the CS&C Joint Venture.

The Value Fund has a 30% (2022: 30%) beneficial interest in The Emerald City Trust. The Trust was formed to facilitate the purchase of the Emerald City Mall, a commercial property at Six Cross Roads, St. Philip, Barbados.

The Value Fund owns a 40% (2022: 40%) interest in the company called Mall Plaza. The company owns commercial property located at 20 Constant Spring Road, Kingston 10, St. Andrew, Jamaica.

The Value Fund has a 50% (2022: 50%) interest in the company called ECPF Molyne Property Holdings Limited. The company holds a 100% interest in a company called Chalmers Commercial Limited, which owns commercial property at Phase 1, Chalmers Commercial Centre, Chalmers Avenue, part of Molyne Gardens, Kingston 10.

The Value Fund has a 50% (2022: nil) interest in the company called ECPF Property Holdings (Jamaica) Limited. The company holds a portfolio of twenty-two (22) buildings across Jamaica which were acquired via a sale and lease back transaction during the financial year.

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

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements...continued

ii) Investments in associates and in joint arrangements...continued

Summarised financial information for joint ventures

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

Summarised statements of financial position:

	The Sunset Joint Venture \$	The CS&C Joint Venture \$	The Emerald City Trust Joint Venture \$	ECPF Property Holdings (Jamaica) Limited \$	Mall Plaza Joint Venture \$	ECPF Molynes Property Holdings Limited \$
September 30, 2023						
Assets						
Investment properties	15,000,000	39,000,000	26,650,000	59,006,946	32,559,433	38,600,000
Deferred tax	–	–	–	–	–	67,166
Real estate available for re-sale	–	2,450,653	–	–	–	–
Due from related party	2,449,773	–	–	–	–	3,062
Accounts receivable and prepaid expenses	20,706	54,254	5,500	–	408,877	251,565
Cash and cash equivalents	400,745	350,809	749,102	2,833,869	1,021,298	1,140,136
Total assets	17,871,224	41,855,716	27,404,602	61,840,815	33,989,608	40,061,929
Liabilities						
Borrowings	2,967,199	11,602,641	11,843,265	49,000,295	–	35,054,888
Capital reserve fund	–	–	345,000	–	–	–
Accounts payable and accrued expenses	30,727	124,207	3,103,116	2,518,248	158,382	717,237
Total liabilities	2,997,926	11,726,848	15,291,381	51,518,543	158,382	35,772,125
Total assets less liabilities	14,873,298	30,128,868	12,113,221	10,322,272	33,831,226	4,289,804

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements...continued

ii) Investments in associates and in joint arrangements...continued

Summarised statements of financial position: ...continued

	The Sunset Joint Venture \$	The CS&C Joint Venture \$	The Emerald City Trust Joint Venture \$	693STR Limited Joint Venture \$	Mall Plaza Joint Venture \$	ECPF Molynes Property Holdings Limited \$
September 30, 2022						
Assets						
Property, plant and equipment	–	–	–	431	–	–
Investment properties	15,200,000	41,900,000	26,500,000	7,358,833	31,158,134	38,600,000
Deferred tax	–	–	–	–	–	67,166
Real estate available for re-sale	–	2,450,653	–	–	–	–
Due from related party	2,583,441	–	–	–	–	–
Accounts receivable and prepaid expenses	88,285	49,430	5,000	5,648	157,740	250,926
Cash and cash equivalents	715,267	826,053	700,438	305,164	913,464	937,498
Total assets	18,586,993	45,226,136	27,205,438	7,670,076	32,229,338	39,855,590
Liabilities						
Borrowings	3,312,104	12,420,263	12,751,867	3,808,679	–	35,513,010
Capital reserve fund	–	–	285,000	–	–	–
Accounts payable and accrued expenses	28,314	103,552	2,212,543	42,555	223,943	504,208
Total liabilities	3,340,418	12,523,815	15,249,410	3,851,234	223,943	36,017,218
Total assets less liabilities	15,246,575	32,702,321	11,956,028	3,818,842	32,005,395	3,838,372

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements...continued

ii) Investments in associates and in joint arrangements...continued

Summarised financial information for joint ventures...continued

Borrowings in the CS&C Joint Venture include \$2,449,773 (2022 – \$2,583,441) payable to the Sunset Joint Venture. The loan was subordinated to the RBTT Merchant Bank loan but is subject to the terms and conditions of the credit facility between the RBC Royal Bank (Barbados) Limited and the Sunset Joint Venture. Loans payable in the CS&C Joint Venture also includes \$9,152,868 (2022 – \$9,836,822) payable to RBC Royal Bank (Barbados) Limited. The loan is at a fixed rate of 4% per annum. It is collateralised by First Debenture Mortgage over the fixed and floating assets of the CS&C Joint Venture incorporating a specific charge over property known as Cave Shepherd Broad Street Building to be stamped to secure \$30,000,000.

Borrowings in the Sunset Joint Venture is due to RBC Royal Bank (Barbados) Limited at a fixed rate of 5% per annum. The loan is secured by a first mortgage stamped to cover \$6,350,000 over property at Sunset Crest #2 St. James.

Borrowings in the Emerald City Trust Joint Venture is due to FirstCaribbean International Bank (Barbados) Limited. This was to partially assist with the acquisition of Emerald City Shopping Complex and “Block D” (“the Properties”). The loan is at a fixed rate of 4% per annum and is secured by first registered mortgage stamped to cover \$15,797,250 over the properties (Emerald City and Block “D”).

Borrowings in ECPF Property Holdings (Jamaica) Limited (ECPFJA) represents a JA\$3.67 billion mortgage facility provided by JN Bank Limited. The facility is fixed at a rate of 10% per annum and is secured by an instrument of mortgage over all the estate and interest and all the estate and interest to which ECPFJA is entitled or able to transfer and dispose of in the lands comprised in the Certificate of Title for twenty-two (22) properties located across Jamaica. Also included in borrowings is a US\$4,200,000 due to the Caribbean Mezzanine Fund II. This facility was received for the purpose of financing a deposit of 30% for the properties acquired under the sale and lease back transaction. This loan is secured by Promissory Note and a Deed of Charge over the Value Fund’s share in ECPFJA and the derivative assets, if any.

Borrowings in ECPF Molyne Property Holdings Limited includes a corporate bond with a face value of \$20,800,000 issued to the Value Fund (\$10,400,000) and Chalmers St. Lucia Limited (\$10,400,000) at a fixed rate of 6% per annum. The balance outstanding at the end of the reporting period of \$20,862,944 (2022: \$20,890,134) is inclusive of principal and interest. This facility assisted with the acquisition of 100% of the ordinary shares of Chalmers Commercial Limited. Also included in borrowings is \$14,191,944 (2022: \$14,622,876) due to the Development Bank of Jamaica (DBJ). This loan is payable at a fixed rate of 6% per annum. The loan is secured by registered mortgage over commercial properties located at 22 Chalmers Avenue, Molyne Gardens, Kingston 10, corporate guarantee from Cherry Hill Developments Limited in the amount of US\$7,540,934, establishment of a Debt Service Reserve Account (DSRA) of US\$270,840 assigned to DBJ, debenture in favour of DBJ over real property and other fixed assets and security interest in and over equipment and any other personal property purchased with the loan. Additional information can be found at note 15.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements...continued

ii) Investments in associates and in joint arrangements...continued

Summarised financial information for joint ventures...continued

Summarised statements of comprehensive income:

	The Sunset Joint Venture \$	The CS&C Joint Venture \$	The Emerald City Trust Joint Venture \$	ECPF Property Holdings (Jamaica) Limited \$	Mall Plaza Joint Venture \$	ECPF Molyne Property Holdings Limited \$
September 30, 2023						
Revenue						
Net rental income	1,288,448	3,084,378	2,235,000	–	2,389,758	3,002,358
Fair value (losses)/gains on investment property	(200,000)	(2,900,000)	150,000	–	1,339,381	–
Interest income	124,986	–	–	–	797	3,154
Other income	–	–	–	2	582,794	–
Total investment income	1,213,434	184,378	2,385,000	2	4,312,730	3,005,512
Expenses						
Interest expense	159,983	506,032	561,006	–	–	2,288,282
Net carrying costs of real estate available for re-sale	–	96,753	–	–	–	–
Professional fees	26,500	34,917	65,900	–	3,451	17,995
Other operating expenses	227	129	618	47,227	195,171	247,803
Operating expenditure	186,710	637,831	627,524	47,227	198,622	2,554,080
Total comprehensive income/(loss) for the year	1,026,724	(453,453)	1,757,476	(47,225)	4,114,108	451,432

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements...continued

ii) Investments in associates and in joint arrangements...continued

Summarised financial information for joint ventures...continued

Summarised statements of comprehensive income: ...continued

	The Sunset Joint Venture	The CS&C Joint Venture	The Emerald City Trust Joint Venture	693STR Limited Joint Venture	Mall Plaza Joint Venture	ECPF Molynes Property Holdings Limited
	\$	\$	\$	\$	\$	\$
September 30, 2022						
Revenue						
Net rental income	1,141,191	2,642,773	2,235,000	–	2,441,369	2,119,564
Fair value gains on investment property	300,000	1,200,000	300,000	688,667	763,434	1,000,000
Interest income	137,207	–	–	2,262	740	2,786
Gain on disposal of property	–	21,376	–	–	–	–
Gain on bargain purchase	–	–	–	–	–	2,303,166
Other income	–	–	–	113,681	1,139,359	–
Total investment income	1,578,398	3,864,149	2,535,000	804,610	4,344,902	5,425,516
Expenses						
Interest expense	175,907	545,001	582,676	297,109	38	1,380,906
Net carrying costs of real estate available for re-sale	–	102,112	–	–	–	–
Professional fees	16,500	39,000	55,900	–	24,276	156,240
Other operating expenses	296	158	572	119,495	283,504	50,000
Operating expenditure	192,703	686,271	639,148	416,604	307,818	1,587,146
Total comprehensive income for the year	1,385,695	3,177,878	1,895,852	388,006	4,037,084	3,838,370

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements...continued

ii) Investments in associates and in joint arrangements...continued

Reconciliation of summarised financial information

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

	The Sunset Joint Venture \$	The CS&C Joint Venture \$	The Emerald City Trust Joint Venture \$	ECPF Property Holdings (Jamaica) Limited \$	Mall Plaza Joint Venture \$	ECPF Molyne s Property Holdings Limited \$
Summarised financial information						
Opening net assets October 1, 2022	15,246,575	32,702,321	11,956,028	–	32,005,395	3,838,372
Share capital	–	–	–	10,320,000	–	–
Comprehensive income/(loss) for the year	1,026,723	(453,453)	1,757,476	(47,225)	4,114,108	451,432
Distributions	(1,400,000)	(2,120,000)	(1,600,283)	–	(1,710,149)	–
Translation difference	–	–	–	49,497	(578,128)	–
Closing net assets September 30, 2023	14,873,298	30,128,868	12,113,221	10,322,272	33,831,226	4,289,804
Interest in joint venture	24%	36%	30%	50%	40%	50%
Carrying value – Value Fund	3,569,592	9,942,712	3,633,966	5,161,136	13,532,490	2,144,902
Carrying value – Development Fund	–	903,680	–	–	–	–

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements...continued

ii) Investments in associates and in joint arrangements...continued

Reconciliation of summarised financial information...continued

	The Sunset Joint Venture \$	The CS&C Joint Venture \$	The Emerald City Trust Joint Venture \$	693STR Limited Joint Venture \$	Mall Plaza Joint Venture \$	ECPF Molynes Property Holdings Limited \$
Summarised financial information						
Opening net assets October 1, 2021	15,360,880	32,124,443	11,634,657	2,935,235	30,985,537	–
Share capital	–	–	–	569,112	–	2
Comprehensive income for the year	1,385,695	3,177,878	1,895,852	388,006	4,037,084	3,838,370
Distributions	(1,500,000)	(2,600,000)	(1,574,481)	–	(2,115,646)	–
Translation difference	–	–	–	(73,511)	(901,580)	–
Closing net assets September 30, 2022	15,246,575	32,702,321	11,956,028	3,818,842	32,005,395	3,838,372
Interest in joint venture	24%	36%	30%	50%	40%	50%
10% deposit for partner's share in Joint Venture	–	–	–	139,057	–	–
Carrying value – Value Fund	3,659,178	10,855,082	3,586,808	2,048,478	12,802,158	1,919,186
Carrying value – Development Fund	–	917,754	–	–	–	–

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements...continued

ii) Investments in associates and in joint arrangements...continued

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

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

Nature of investment in joint operations

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

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

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

8 Investments in associated companies and joint arrangements...continued

ii) Investments in associates and in joint arrangements...continued

Nature of investment in joint operations...continued

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

	Assets \$	Liabilities \$	Revenues \$	Loss \$	% Interest held
September 30, 2023	953,314	378,952	34,900	(5,958)	50%
September 30, 2022	874,000	367,623	39,434	(4,492)	50%

9 Cash and cash equivalents

	Value Fund		Development Fund	
	2023	2022	2023	2022
	\$	\$	\$	\$
Cash and bank balances	8,110,705	5,429,498	1,110,128	1,518,386
Repurchase agreements	128,206	—	—	—
Restricted cash	1,116,964	2,736,488	—	—
	9,355,875	8,165,986	1,110,128	1,518,386

Cash and cash equivalents are placed with leading regional commercial banks. There were no effective yields on cash at bank in 2023 and 2022. Cash equivalents consists of repurchase agreements of maturity less than three (3) months and restricted cash. A repurchase agreement is a sale and repurchase agreement in government securities. These attracted effective interests of approximately 8% (2022: nil) per annum. The fair value of the underlying security is \$134,620. Additional information on the restricted cash balance can be obtained from note 15.

10 Loan receivable

The loan receivable balance as at September 30, 2023 represents funds disbursed to Eppley Caribbean Property Fund Limited SCC–Value Fund during the year at a rate of 8% per annum. It has a maturity date of December 23, 2023.

The purpose of this was to assist with the Value Fund's 50% equity investment in ECPF Property Holdings (Jamaica) Limited and to provide further financing via a related party loan to its 100% owned subsidiary, 693STR Limited to assist with renovations of its investment property. The loan is secured by af Loan Agreement and Promissory Note.

The loan receivable balance of \$1,776,258 as at September 30, 2022 was comprised of a vendor's mortgage held in 693STR Limited, for the purchase of property located at 693 Spanish Town Road, Kingston 11, Jamaica. This property was purchased in the previous financial year and served as the collateral security on the loan. Interest was charged at a rate of 8% per annum. This balance was eliminated on consolidation as at September 30, 2023, as the Value Fund acquired an additional 50% stake in 693STR Limited, increasing their interest in the company to 100%.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

11 Accounts receivable and prepaid expenses

	Value Fund		Development Fund	
	2023 \$	2022 \$	2023 \$	2022 \$
Rent receivable from tenants	449,294	556,962	–	37,807
Other receivables	253,187	264,917	385,073	367,758
Less: provision for impairment of receivables	(227,400)	(227,400)	–	(30,372)
	475,081	594,479	385,073	375,193
Prepaid expenses	117,058	108,481	54,323	54,585
Accounts receivables, net of provision for impairment	592,139	702,960	439,396	429,778

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

As of September 30, 2023, within the Value Fund accounts receivable of \$221,894 (2022 – \$329,562) is considered to be recoverable as there are no indications that the debtors would not be able to fulfil their financial obligations in the foreseeable future. However, accounts receivable of \$227,400 (2022 – \$227,400) was considered to be impaired as there is evidence that the debtor may not be able to fulfil this obligation in the foreseeable future.

As of September 30, 2023, within the Development Fund accounts receivable of \$0 (2022 – \$7,435) is considered to be recoverable as there are no indications that the debtors would not be able to fulfil their financial obligations in the foreseeable future. However, accounts receivable of \$0 (2022 – \$30,372) was considered to be impaired as there is evidence that the debtor may not be able to fulfil this obligation in the foreseeable future.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

12 Investment securities

	2023	2022
	\$	\$
Corporate bond payable 2028		
ECPF Molyne Property Holdings Limited:		
- Principal	10,400,000	10,400,000
- Interest	148,534	48,534
	<u>10,548,534</u>	<u>10,448,534</u>

The corporate bond attracts interest at the rate of 6% per annum. Additional information can be found at note 8 ii).

13 Intangibles

	Software	Total
	\$	\$
Cost		
At September 30, 2021	323	323
Additions	1,446	1,446
At September 30, 2022	1,769	1,769
Additions	–	–
At September 30, 2023	<u>1,769</u>	<u>1,769</u>
Depreciation		
At September 30, 2021	323	323
Charge for the year	–	–
At September 30, 2022	323	323
Charge for the year	321	321
Movement due to translation	17	17
At September 30, 2023	<u>661</u>	<u>661</u>
Net book value		
September 30, 2022	<u>1,446</u>	<u>1,446</u>
September 30, 2023	<u>1,108</u>	<u>1,108</u>

14 Accounts payable and accrued expenses

	Value Fund		Development Fund	
	2023	2022	2023	2022
	\$	\$	\$	\$
Accounts payable	1,548,601	1,068,719	32,072	64,344
Accrued expenses	198,202	76,896	47,729	21,972
	<u>1,746,803</u>	<u>1,145,615</u>	<u>79,801</u>	<u>86,316</u>

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

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

15 Loans payable

	Value Fund	
	2023	2022
	\$	\$
Bond payable		
Series 1 – 2022	6,897,849	3,018,778
Series 2 – 2023	2,399,851	3,021,126
Series 3 – 2023 (2021)	4,499,622	4,535,209
	<u>13,797,322</u>	<u>10,575,113</u>
Loan payable (1):		
Principal	5,443,197	5,657,230
Accrued interest	(7,013)	(6,822)
	<u>5,436,184</u>	<u>5,650,408</u>
Loan payable (2):		
Principal	1,007,491	2,584,808
Accrued interest	61,118	24,975
	<u>1,068,609</u>	<u>2,609,783</u>
Loan payable (3):		
Principal	4,764,947	5,243,798
Accrued interest	8,243	84,735
	<u>4,773,190</u>	<u>5,328,533</u>
Loan payable (4):		
Principal	1,563,344	–
Accrued interest	14,448	–
	<u>1,577,792</u>	<u>–</u>
Loan payable (5):		
Principal	2,000,000	–
Accrued interest	154,311	–
	<u>2,154,311</u>	<u>–</u>
Loan payable (6):		
Principal	1,331,560	–
Accrued interest	–	–
	<u>1,331,560</u>	<u>–</u>
Loan payable (7):		
Principal	940,512	–
Accrued interest	–	–
	<u>940,512</u>	<u>–</u>
Loan payable (8):		
Principal	4,380,000	–
Accrued interest	25,053	–
	<u>4,405,053</u>	<u>–</u>
	<u>35,484,533</u>	<u>24,163,837</u>

The current portion of loans payable amounts to \$4,346,444 (2022 – \$4,435,654) for the Value Fund. The Value Fund has an outstanding bond payable issued in three series, Series 1 carried an interest rate of 3.75% (2022 – 4%) and an initial maturity date of July 31, 2018.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

15 Loans payable ...continued

The bondholders agreed to renew this Series with a final maturity date of July 31, 2026. Series 2 carries an interest rate of 3.95% (2022– 4.5%) and an initial maturity date of July 31, 2023. The bond holders agreed to renew this Series with a final maturity date of July 31, 2027. Series 3 carried an interest rate of 4% (2022 – 5%) and an initial maturity date of July 31, 2021. The bond holders agreed to renew this Series with a final maturity date of July 31, 2028. Interest is payable semi-annually in arrears and principal will be fully repaid on maturity. The collateral security on the bond is Carlisle House, Hincks Street, Bridgetown and No.24 Broad Street, Bridgetown.

The total loans payable amounts to \$35,484,533 (2022: \$24,163,837). Loan payable (1) was received from NCB Merchant Bank (Trinidad and Tobago) Limited at rate of 7% per annum and a maturity date of April 30, 2036. The purpose of Loan payable (1) is to aid ECPF Property Holdings (Trinidad) Limited (“ECPF”), subsidiary of the Value Fund, in the purchase of properties located at 155–157 Tragarete Road, Woodbrook, Port of Spain, Trinidad and 52 Valsayn Branch Road, adjacent to corner of the Southern Main Road and Churchill Roosevelt Highway, Curepe, Trinidad. The collateral security for Loan payable (1) is representative of Loan Agreement, Promissory Note and Deed of Assignment Mortgage.

Loan payable (2) was received from NCB Merchant Bank (Trinidad and Tobago) Limited at fixed rate of 5.75% per annum. The facility had an initial maturity date of April 30, 2023, which was further extended to May 1, 2025. The purpose of Loan payable (2) is to capitalise ECPF Property Holdings (Trinidad) Limited (“ECPF”), subsidiary of the Value Fund, to aid in its purchase of properties located at 155–157 Tragarete Road, Woodbrook, Port of Spain, Trinidad and 52 Valsayn Branch Road, adjacent to corner of the Southern Main Road and Churchill Roosevelt Highway, Curepe, Trinidad. The collateral security for Loan payable (2) is representative of Loan Agreement and Promissory Note. Loan payable (2) is also collateralised by restricted cash as indicated in note 9.

Loan payable (3) was received from National Commercial Bank Jamaica Limited (NCB) at a fixed rate of 7.15% per annum and a maturity date of March 22, 2032. The purpose of Loan payable (3) is to assist with the purchase of the Value Fund’s 40% stake in Mall Plaza, located at 20 Constant Spring Road, Kingston 10, St. Andrew, Jamaica. Loan payable (3) is secured by a first legal mortgage over the Value Fund’s 40% share of commercial property located at Mall Plaza, Saint Andrew, assignment of peril insurance to NCB and Debt Service Reserve Account (DSRA) as indicated in note 9.

Loan payable (4) was received from General Accident Insurance Company (Trinidad & Tobago) Limited at rate of 5.5% per annum and a maturity date of April 26, 2028. The purpose of Loan payable (4) is to assist with a portion of the principal repayment on Loan payable (2) of approximately \$1,578,000. The collateral security for Loan payable (4) is representative of Loan Agreement and Promissory Note.

Loan payable (5) was received from Paynter (Jamaica) Limited at rate of 8% per annum and a maturity date of June 26, 2024. The purpose of Loan payable (5) is to assist 693STR Limited with the partial refinancing of an existing facility. The collateral security for Loan payable (5) is second legal mortgage over ALL THAT parcel of land known as 693 Spanish Town Road of Riverton City in the parish of Saint Andrew, Promissory Note and Assignment of Peril & Allied Insurance over the property together with the Mortgage Endorsement duly signed by an approved insurer.

Loans payable (6) and (7) were received from First Citizens Bank (Barbados) Limited (FCIB) at rate of 3.75% per annum and maturity dates of June 1, 2037, and March 1, 2038, respectively. Loan payable (6) and (7) are tranches of a \$6,965,000 Commercial Demand Loan facility offered to Eppley Caribbean Property Fund Limited SCC by CIBC FirstCaribbean International Bank. The purpose of the facilities is to provide equity reimbursement of 70% of the value of the Hastings Business Centre property. The collateral security for Loan payable (6) and (7) is a Deed of Charge by way of Legal Mortgage over land situate at Hastings Business Centre, Hastings in the parish of Saint Michael, Barbados.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

15 Loans payable...continued

Loan payable (8) was received from Eppley Caribbean Property Fund Limited SCC–Development Fund at a rate of 8% per annum and a maturity date of December 23, 2023. The purpose of Loan payable (8) was to assist with the 50% equity investment in ECPF Property Holdings (Jamaica) Limited and to provide further financing via a related party loan to 693STR Limited to assist with renovations at 693 Spanish Town Road, Kingston 11, Jamaica. The collateral security for Loan payable (4) is representative of Loan Agreement and Promissory Note.

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

16 Dividends per share

As it relates to the Value Fund, dividend of \$0.0228 and \$0.0015 (2022 – \$0.016 and \$0.0015) per share was declared and paid during the financial year. This amounted to a dividend totaling \$3,914,506 (2022 – \$2,592,831).

There were no dividends paid for the Development Fund in 2023 or 2022.

17 Net rental income

Net rental income earned in the Value Fund is shown net of direct property expenses of \$2,444,872 (2022 – \$2,180,461) incurred in managing the properties.

18 Net gains and carrying costs of real estate available for re-sale

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

The carrying costs include \$292,574 (2022 – \$320,670) in property administration and other holding costs from available for re-sale properties. Gain from the sale of properties amounted to \$297,390 (2022: \$7,695). The carrying cost is presented net of rental income of \$173,032 (2022 – \$261,650).

19 Related party transactions

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

During the year, fund management fees were paid to Eppley Fund Managers Limited amounting to \$809,965 (2022 – \$757,623) and \$153,180 (2022 – \$82,944) by the Value Fund and the Development Fund respectively.

During the year, investment advisor fees were paid to Eppley Fund Managers Limited amounting to \$809,965 (2022 – \$757,623) and \$153,180 (2022 – \$82,944) by the Value Fund and the Development Fund, respectively.

The amount due from related parties in the Value Fund of \$1,133,876 (2022 – \$728,454) represents \$258,674 and \$875,202 due from the Development Fund and Emerald City Trust Joint Venture, respectively (2022 – Development Fund and Emerald City Trust Joint Venture, of \$123,356 and \$605,098, respectively). These amounts are interest free and are repayable on demand.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

19 Related party transactions...continued

The amount due to related parties in the Development Fund of \$524,995 (2022 – \$179,693) represents \$279,378 and \$245,617 due to the Value Fund and Eppley Fund Managers Limited, respectively (2022 – \$123,356 and \$56,337 Value Fund and Eppley Fund Managers Limited). These amounts are interest free and are repayable on demand.

Directors and sub-committee fees of \$6,800 (2022 – \$10,397) and \$1,200 (2022 – \$1,980) were paid during the year by the Value Fund and the Development Fund respectively. Directors' interest (including beneficial interests) in the segregated cellular shares are as follows:

Shareholder	Number of shares at start of year	Number of shares purchased in the year	Number of shares at year end
Value Fund			
Directors	934,139	(267,365)	666,774
Development Fund			
Directors	5,194,770	(5,184,770)*	10,000

**These shares were sold to Eppley Fund Managers Limited as part of a tender offer during the year, which resulted in the company owning 47% of the issued shares of the Development Fund.*

20 Share capital

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

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

A public invitation for subscription was made by Eppley Caribbean Property Limited SCC via prospectus dated June 14, 2019, in Jamaica in respect of cellular shares in the Value Fund at the price of J\$46.18 per share. The offer closed on July 31, 2019, consequently contributing to an increase of 66,528,860 units of shares issued. During 2019, there was an additional issuance of 15,447,465 units at Net Asset Value per share of J\$51.79.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

20 Share capital ...continued

	2023		2022	
	Number of shares	\$	Number of shares	\$
Value Fund Shares				
Authorised				
An unlimited number of cellular shares of no par value				
Issued and outstanding	135,519,820	92,253,097	136,044,964	92,610,581
Development Fund Shares				
Authorised				
An unlimited number of cellular shares of no par value				
Issued and outstanding	54,349,890	28,626,291	54,349,890	28,626,291

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

The Value Fund shares

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

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

- 1) To receive notice of and attend all meetings of shareholders of the Group but not to vote at any such meeting except on the matters particularly set out hereinafter:
 - The liquidation of the Value Fund;
 - The winding up of the Company; and
 - The reconstruction of the Company, and/or the amalgamation of the Company and/or the Value Fund with any other company or mutual fund.
- 2) To receive cellular dividends when declared by directors.
- 3) Upon liquidation, dissolution or winding up of the Group or other distribution of the assets of the Group for the purpose of winding up its affairs, the Value Fund shareholders shall be entitled to receive after payment of all the liabilities of the Group attributable to the Value Fund, the assets represented by the stated capital and reserves attributable to the Value Fund.

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

20 Share capital ...continued

The Development Fund shares

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

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

- 1) To receive notice of and attend all meetings of shareholders of the Group but not to vote at any such meeting except on the matters particularly set out hereinafter:
 - The liquidation of the Development Fund;
 - The winding up of the company; and
 - The reconstruction of the company, and/or the amalgamation of the company and/or the Development Fund with any other company or mutual fund.
- 2) To receive cellular dividends when declared by directors.
- 3) Upon liquidation, dissolution or winding up of the Group or other distribution of the assets of the Group for the purpose of winding up its affairs, the Development Fund shareholders shall be entitled to receive after payment of all the liabilities of the Group attributable to the Development Fund, the assets represented by the stated capital and reserves attributable to the Development Fund.

21 Taxation

	2023	2022
	\$	\$
Current income tax charge	195,721	341,786
Deferred taxation (note 22)	40,679	30,274
	<u>236,400</u>	<u>372,060</u>

The corporation tax charge differs from the theoretical amount that would arise using the basic tax rate of Barbados, Jamaica and Trinidad and Tobago as follows:

	2023	2022
	\$	\$
Profit before taxation	<u>17,714,606</u>	<u>9,881,444</u>
Tax calculated at 25%, 30% and sliding rates – 5.5% to 3.0% (2022 – 25%, 30% and sliding rates – 5.5% to 3.0%)	482,477	756,436
Adjustment for prior period	11,808	–
Increase in deferred tax asset not recorded	40,679	30,274
Net effect of other charges and allowances	–	(56,544)
Tax effect of income not allowed for tax purposes	(326,928)	(368,880)
Tax effect of expenses not deductible for tax purposes	28,364	10,774
Tax charge	<u>236,400</u>	<u>372,060</u>

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

22 Deferred taxation

Deferred income taxes are calculated on temporary differences under the liability method using an effective tax rate of 25% (2022 – 25%).

Deferred tax liability	2022	Charge to income	Translation difference	2023
	\$			\$
Investment property	184,335	40,166	(4,341)	220,160
Other	2,575	513	(55)	3,033
	<u>186,910</u>	<u>40,679</u>	<u>(4,396)</u>	<u>223,193</u>

Deferred tax liability	2021	Charge/(credit) to income	Translation difference	2022
	\$			\$
Investment property	155,201	35,495	(6,361)	184,335
Other	6,861	(5,222)	936	2,575
	<u>162,062</u>	<u>30,273</u>	<u>(5,425)</u>	<u>186,910</u>

23 Earnings per share and net asset value

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

Basic and diluted earnings per share are calculated as follows:

	Value Fund		Development Fund	
	2023	2022	2023	2022
	\$	\$	\$	\$
Comprehensive income/(loss) attributable to shareholders	17,478,206	9,509,384	(209,575)	(674,855)
Weighted average number of Class “A” shares in issue	135,680,834	136,367,501	54,349,890	54,349,890
Basic and diluted earnings per share	0.13	0.07	0.00	0.00
Net asset value	119,820,431	106,651,318	18,404,181	18,613,756
Net asset value per share	0.88	0.78	0.34	0.34

Eppley Caribbean Property Fund Limited SCC

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

(expressed in Barbados dollars)

24 Subsequent events

In October 2023, the Value Fund acquired a 100% interest in ECPF Industrial Property Holdings Limited, a company incorporated under the laws of Trinidad and Tobago.

A dividend of \$0.0015 per share was declared subsequent to the financial year and is payable on December 15, 2023 for the Value Fund. This amounts to dividend payable totalling approximately \$203,276.