Statement of Trustee's Responsibilities

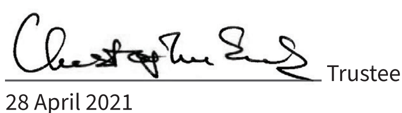
The Trustee is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of The First Citizens Tax Advantage Plus ("the Plan"), which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income and changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- ensuring that the Plan keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the Plan's assets, detection/prevention of fraud, and the achievement of the Plan's operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations; and
- using reasonable and prudent judgement in the determination of estimates.

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

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

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


Trustee
28 April 2021

Trustee
28 April 2021

Independent Auditor's Report

To the Trustee of
First Citizens Tax Advantage Plus

Report on the audit of the financial statements

Our opinion
In our opinion, the financial statements present fairly, in all material respects the financial position of First Citizens Tax Advantage Plus (the Plan) as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited
The Plan's financial statements comprise:
- the statement of financial position as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Plan in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

In preparing the financial statements, the Trustee is responsible for assessing the Plan'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 the Trustee either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report (Continued)

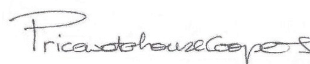
Auditor's responsibilities for the audit of the financial statements

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

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

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

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



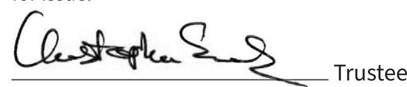
Port of Spain,
Trinidad, West Indies
29 April 2021

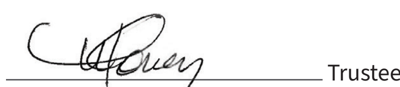
Statement of financial position
(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 31 December 2020 $	2019 $
Assets			
Investment securities			
- Fair value through profit and loss	4a	5,976,956	19,346,089
- Amortised cost	4b	76,553,355	62,406,539
Income receivable		888,047	718,417
Due from related parties	6	745,237	1,045,825
Cash and cash equivalents	5	5,997,142	6,394,476
Total assets		90,160,737	89,911,346
Liabilities			
Other payables	7	367,696	369,544
Members' balances	8	81,753,898	80,998,915
Total liabilities		82,121,594	81,368,459
Equity			
Retained surplus		8,039,143	8,542,887
Total equity		8,039,143	8,542,887
Total liabilities and equity		90,160,737	89,911,346

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

On 28 April 2021, the Trustee of First Citizens Tax Advantage Plus authorised these financial statements for issue.


Trustee


Trustee

Statement of comprehensive income

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 31 December 2020 $	2019 $
Income			
Net investment income	9	3,595,411	3,474,510
Net unrealised gain on investment securities - FVPL		--	3,300,927
Realised gain on sale of investment securities		49,826	791,940
Other income		14,244	41
Foreign exchange gains		97,102	2,985
Total income		3,756,583	7,570,403
Expenses			
Fees	6	(1,864,652)	(1,802,676)
Net unrealised loss on investment securities - FVPL		(323,779)	--
Insurance expense		(213,171)	(201,967)
Audit fees		(129,912)	(113,262)
Other expenses		(73,258)	(117,636)
Net impairment on financial assets		(44,099)	10,682
Total expenses		(2,648,871)	(2,224,859)
Operating profit for the year		1,107,712	5,345,544
Total comprehensive income for the year		1,107,712	5,345,544

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

Statement of cash flows

(Expressed in Trinidad and Tobago Dollars)

	Year ended 31 December 2020 $	2019 $
Cash flows from operating activities		
Operating profit for the year	1,107,712	5,345,544
Unrealised loss/(gain) on investment securities - FVPL	323,779	(3,300,927)
Net impairment on financial assets	44,099	(10,682)
Net change in receivables	(169,630)	64,204
Net change in due from/(to) related parties	300,588	(8,894,940)
Net change in other payables	(1,848)	22,977
Purchase of debt securities	(18,887,732)	(9,154,636)
Proceeds from disposal of equities	13,045,354	12,417,864
Proceeds from maturities/principal repayments of debt securities	4,696,817	6,551,964
Net cash generated from operating activities	459,139	3,041,368
Cash flows from financing activities		
Contributions	7,214,680	8,003,998
Withdrawals	(8,071,153)	(8,606,904)
Net cash used in financing activities	(856,473)	(602,906)
Net (decrease)/ increase in cash and cash equivalents	(397,334)	2,438,462
Cash and cash equivalents at the beginning of the year	6,394,476	3,956,014
Cash and cash equivalents at the end of the year	5,997,142	6,394,476

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

Statement of changes in equity

(Expressed in Trinidad and Tobago Dollars)

	Retained surplus $	Investment revaluation reserve $	Total $
Year ended 31 December 2020			
Balance at beginning of year	8,542,887	--	8,542,887
Comprehensive income:			
Operating profit for the year	1,107,712	--	1,107,712
Total comprehensive income	1,107,712	--	1,107,712
Transactions with members:			
Income credited to members	(1,611,456)	--	(1,611,456)
Total transactions with members	(1,611,456)	--	(1,611,456)
Balance at end of the year	8,039,143	--	8,039,143
Year ended 31 December 2019			
Balance at beginning of year	4,595,283	--	4,595,283
Comprehensive income:			
Operating profit for the year	5,345,544	--	5,345,544
Total comprehensive income	5,345,544	--	5,345,544
Transactions with members:			
Income credited to members	(1,397,940)	--	(1,397,940)
Total transactions with members	(1,397,940)	--	(1,397,940)
Balance at end of the year	8,542,887	--	8,542,887

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

Notes to the Financial Statements

(Expressed in Trinidad and Tobago Dollars)

1 Description of the Plan

The following brief description of The First Citizens Tax Advantage Plus, (the "Plan") is provided for general information purposes only. Reference should be made to the Trust Deed and Rules of the Plan for more complete information.

General information
The First Citizens Tax Advantage Plus is a deferred annuity plan, approved by the Board of Inland Revenue (BIR) of Trinidad and Tobago under Section 28 of the Income Tax Act and registered with the Trinidad and Tobago Securities and Exchange Commission as a Collective Investment Scheme in accordance with section 62 (8) of the Securities Act, 2012 (SA 2012). The Plan commenced on 1 March 1999 and is governed by the Trust Deed and Rules executed on 13 November 1997, amended on 18 September 1998, 14 December 1998 and 9 February 2004. The Plan's main objective is to provide investors with supplemental retirement income by investing over the long term. Investors ("members") contribute periodically for the purpose of providing an annuity for life commencing at the maturity date, which is a date not prior to the member's 50th birthday. In 2003, the Plan changed its year end from 30 September to 31 December.

On 27 November 2015, a Supplemental Trust Deed containing an Amended and Restated Trust Deed and Rules was executed with effect from 1 December 2015. The name of the Plan changed from First Citizens Bank Retirement Provider to First Citizens Tax Advantage Plus. There were no changes in the Amended and Restated Trust Deed and Rules which alter the operations of the Plan. Apart from the change in name, the amendments were executed primarily to consolidate changes made over the life of the Plan through numerous supplemental Trust Deeds, to align the document to reflect best practice disclosure and the changes to the Income Tax Act and to clarify areas of ambiguity in the language within the previous governing documents of the Plan.

The address of its registered office is #45 Abercromby Street, Port of Spain.

Contributions
Members make contributions to the Plan in accordance with the respective contract of each individual member, on a monthly, quarterly or otherwise basis. A member may invest additional contributions, however, the amount must be greater than $300. Contributions to the Plan are tax deductible. No contributions shall be payable by the member under this Plan after the maturity date.

Income credited to members
In accordance with the terms of the Trust Deed and Rules, income is credited to each member's account on an annual basis. By 31 January in each financial year, the Trustee declares a rate of income to be credited to the member's account as at 31 December of the preceding financial year. Prior to 9 February 2004, the Plan guaranteed a minimum rate of interest every year and this was declared no later than 20 December in each financial year to be credited to the member's account in the following financial year.

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago Dollars)

1 Description of the Plan (Continued)

Withdrawals
Withdrawals of contributions can be made under special circumstances as laid out in the Trust Deed and Rules. Under some circumstances, these withdrawals are subject to tax. The Plan ensures that the applicable taxes are remitted to the BIR.

Benefits upon maturity
Upon maturity, the member terminates his/her relationship with the Plan and uses his/her contributions plus accumulated income credited to purchase an annuity of the member's choice. This annuity provides pension payments for the member. Alternatively, members may elect to take a cash payment not exceeding 25% of the contributions together with all or part of the income and an annuity provided with the balance of the accumulation.

Benefits upon death of a member
If a member dies before the maturity date of the contract, a return of the accumulation of contributions and income credited plus a life insurance benefit will be paid to the nominated beneficiary. This insurance benefit is an additional feature of the Plan and represents a policy agreement between the member and an independent insurance provider. In each financial year, insurance is effected on the life of each member to the extent of the accumulation of the member's balance for the previous financial year. The insurance premiums are an expense of the Plan and the insurance benefit is paid by the insurance policy and not the Plan. This payment will be subject to tax levied by law.

Fees
First Citizens Trustee Services Limited is the Trustee of the Plan. Trustee fees are payable to the Trustee at a rate of 0.25% per annum on the average net assets of the Plan.

First Citizens Portfolio and Investment Management Services Limited is the Investment Manager of the Plan and First Citizens Depository Services Limited is the custodian of the Plan. Investment management fees and custodian fees collectively are payable up to a maximum of 2.00% per annum on the average net assets of the Plan, with the custodian earning 0.25% per annum. Administration fees are payable to the administrator of the Plan, First Citizens Depository Services Limited at a rate of 0.50% per annum on the average net assets of the Plan. Distribution fees are payable to the distributor of the Plan, First Citizens Investment Services Limited at a rate of 0.25% per annum on the average net assets of the Plan.

Prior to 1 October 2020, the custodian was paid 50% of the Investment Management fee deducted from the Plan and the distributor of the Plan was First Citizens Depository Services Limited.

2 Summary of significant accounting policies

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

a. *Basis of preparation*
The financial statements of the Plan have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention, as modified by the revaluation of financial assets at fair value.

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

(i) *New standards, amendments and interpretations which are effective and have been adopted by the Plan.*

- Amendments to IAS 1 and IAS 8 – Definition of material (Effective 1 January 2020). The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

(ii) *Standards amendments and interpretations issued which are effective after 1 January 2020 and have been early adopted by the Plan.*

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

(iii) *Standards, amendments and interpretations issued which are effective and not relevant to the Plan*

The following new IFRS amendments that have been issued do not apply to the activities of the Plan:

- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform (Effective 1 January 2020). The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.
- Amendment to IFRS 3 – Amendments in Definition of a Business (Effective 1 January 2020). The amendments are changes to Appendix A Defined Terms, the application guidance, and illustrative examples of IFRS are:-
  - clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and substantive process that together significantly contribute to the ability to create outputs;
  - narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
  - add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
  - remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
  - add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

b. *Foreign currency transactions*

(i) *Functional and presentation currency*
The primary activity of the Plan is to invest in securities denominated in Trinidad and Tobago dollars. Contributions, income credited to members and withdrawals are denominated in Trinidad and Tobago dollars. The Trustee considers the Trinidad and Tobago dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Trinidad and Tobago dollars which is the Plan's functional and presentation currency. The exchange rate between the TT dollar and the US dollar as at the 31 December 2020 was TT$ 6.7124 = US$1.00 (2019: TT$ 6.7124 = US$1.00). This rate represents the First Citizens Group midrate.

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

Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of security. Translation differences related to changes in the amortised cost are in the Statement of Comprehensive Income.

c. *Financial assets and financial liabilities*
The Plan's financial assets and liabilities are recognised in the statement of financial position when it becomes party to the contractual obligation of the instrument.

(i) *Financial assets*
The Plan classifies its financial assets based on the following business models:
- Hold for trading or
- Hold to collect

Based on the Plan's business model, there were no financial assets which met the hold to collect and sell classification. The Plan has therefore classified its assets into the following two categories:

- *Amortised cost*
  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 11.a.(iv). Interest income from these financial assets is included in "net investment income" using the effective interest rate method.

- *Fair value through profit and loss (FVPL)*

  Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the "statement of comprehensive income" within "Gains on investments securities" in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented in Investment Interest Income. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

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

  Classification and subsequent measurement of debt instruments depend on:
  (i) the cash flow characteristics of the asset, and
  (ii) the Plan's business model for managing the asset;

2 Summary of significant accounting policies (continued)

c. *Financial assets and financial liabilities (continued)*

(i) *Financial assets (continued)*

- *Plan's business model*

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

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

Arising out of the assessment the portfolios were deemed to have the business models identified as follows:

Hold to Collect (Amortised Cost)	Hold for Trading (FVPL)
Bonds issued by or guaranteed by Government of Trinidad & Tobago, USD Sovereign, Corporate Bonds	Floating NAV Mutual Funds
Income receivable	Fixed NAV Mutual Funds (cash and cash equivalents)
Due from related parties	Quoted equities, Cash

Solely payments of principal and interest (SPPI)

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include ordinary shares.

The Plan subsequently measures all equity investments at fair value through profit or loss, except where the Plan's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Plan's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Plan's right to receive payments is established.

Gains and losses on equity investments classified as FVPL are included in the Statement of Comprehensive Income.

Impairment

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

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
- Note 11.a.(vi) provides more detail of how the expected credit loss allowance is measured.

Recognition/de-recognition of financial assets

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

(ii) *Financial liabilities*

Financial liabilities are classified and subsequently measured at amortised cost. Financial liabilities include member's balances, due to related parties and payables. Financial liabilities are de-recognised when they have been redeemed or otherwise extinguished (that is, when the obligation specified in the contract is discharged, cancelled or expired)

(iii) *Determination of fair value*

For financial instruments traded in an active market, the determination of fair values of financial assets and liabilities is based on quoted market prices or dealer price quotations. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and these prices represent actual and regular occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

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

d. *Cash and cash equivalents*

Cash and cash equivalents comprise of cash in hand and deposits held at call with banks and short-term investments with original maturities of three months or less.

e. Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

f. *Members' balances*

The members' balance consists of the aggregate contributions by the Member and the net income earned by the Plan and credited to the members' account. Withdrawals of contributions can be made under restricted conditions. The members' balance is classified as a financial liability in accordance with IAS 32 and IAS 1 (Amendment), 'Presentation of financial statements - Puttable financial instruments and obligation arising on liquidation'.

g. *Interest income*

Interest income is recognised on a time-proportionate basis using the effective interest method and is included in the statement of comprehensive income. It includes interest income from cash and cash equivalents and on investment securities.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Plan estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

h. *Dividend income*

Dividend income is recognised in the profit and loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date.
For unquoted equity securities, this is usually the date on which the shareholder approves the payment of a dividend. Dividend income from equity securities designated as at fair value thorough the profit and loss is recognised in the profit or loss in a separate line item.

i. Expenses

Expenses are accounted for on the accrual basis.

Notes to the Financial Statements (Continued)
(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

j. Contributions and withdrawals
Contributions and withdrawals are accounted for on the accrual basis.

k. Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

l. Income credited to members
Income is due when declared and this takes place during the first quarter of the financial year.

m. Going concern
The financial statements are prepared on the assumption that the Plan is a going concern and will continue in operation for the foreseeable future unless the sponsor intends to either liquidate the Plan or to cease operations or has no realistic alternative but to do so. If such an intention or need exists, the financial statements will be prepared on a non-going concern basis.

COVID -19 is not expected to have a significant impact on the Plan. Management has determined that there is no material uncertainty that casts doubt on the Plan's ability to continue as a going concern. It expects that COVID-19 might have some impact, though not significant, for example, in relation to expected future performance, or the effects on some future asset valuations.

3 Critical accounting estimates and judgements in applying accounting principles

The Plan makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below.

(i) *Financial assets at fair value through profit and loss*
This category comprises two sub-categories: financial assets held for trading and financial assets designated by the Plan as fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorised as held for trading.

For financial instruments traded in an active market, the determination of fair values of financial assets and liabilities is based on quoted market prices or dealer price quotations. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and these prices represent actual and regular occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions. When a market becomes inactive, the valuation technique utilised makes use of the quoted prices even though the market is not active.

The fair values of financial assets that are quoted in active markets are determined by using valuation techniques. The discounted cash flow method discounts the cash flows of the financial assets at an appropriate yield plus a credit spread where applicable.

Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates.

(ii) *Measurement of the expected credit loss allowance*
The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 11.a.(vi), which also sets out key sensitivities of the ECL to changes in these elements.

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

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

(iii) *Fair value of securities not quoted in an active market*
For securities not quoted in an active market the fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data and unobservable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques using input existing at the year end. The fair value of such securities not quoted in an active market may be determined by the Plan using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Plan would exercise judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Plan may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The inputs into these models are primarily earnings, multiples and discounted cash flows. The models used to determine fair values are validated and periodically reviewed by experienced personnel at the Plan, independent of the party that created them. The models used for debt securities are based on net present value of estimated future cash flows, adjusted as appropriate for liquidity, and credit and market risk factors.

(iv) *Loss given default*
The Loss Given Default rate on corporate senior unsecured bonds is estimated to be 60% based on the International Swaps and Derivatives Association Standard Credit Default Swap contract specification for North American corporate issuers. The Loss Given Default rate on sovereign senior unsecured bonds is estimated to be 48% (recovery rate of 52%) based on the issuer weighted recovery rates on defaulted sovereign bonds during the period 1983 to 2019 as reported by Moody's Investors Service.

4 Investment securities

a. *Fair value through profit and loss*

	31 December 2020	31 December 2019
	$	$
Equities	5,976,956	19,346,089
	5,976,956	19,346,089
Movement		
Balance at the beginning of year	19,346,089	28,463,026
Additions	--	--
Disposal of equities	(13,045,354)	(12,417,864)
Net unrealised (loss) / gain on revaluation of FVPL	(323,779)	3,300,927
Balance at the end of year	5,976,956	19,346,089

b. *Amortised cost*

	2020	2019
Government debt securities	62,487,041	54,347,186
Corporate debt securities	14,066,314	8,059,353
	76,553,355	62,406,539
Movement		
Balance at the beginning of year	62,406,539	59,793,185
Additions	18,887,732	9,154,636
Maturities/principal repayments	(4,696,817)	(6,551,964)
Net impairment on investment securities	(44,099)	10,682
Balance at the end of year	76,553,355	62,406,539

5 Cash and cash equivalents

	31 December 2020	31 December 2019
	$	$
Cash in bank	3,917,709	4,345,683
Cash equivalents	2,079,433	2,048,793
Total	5,997,142	6,394,476

6 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.

The Trustee of the Plan is First Citizens Trustee Services Limited which receives a fee based on the average net assets of the Plan (2020: 0.25%; 2019: 0.25%).

First Citizens Portfolio and Investment Management Services Limited is the Investment Manager, of the Plan, and receives in return a fee based on the average net assets of the Plan (2020: 0.56%; 2019: 0.50%)

First Citizens Depository Services Limited is the Custodian and Administrator of the Plan, and receives in return a fee based on the average net assets of the Plan (2020: 0.44%; 2019: 0.50%; 2020:0.50%; 2019:0.50% respectively). First Citizens Depository Services Limited also was distributor of the Plan up to 30 September 2020 and received in return a fee based on the average net assets of the Plan (2020: 0.25%; 2019: 0.25%).

Effective 1 October 2020, First Citizens Investment Services Limited was appointed as distributor of the Plan and receives in return a fee based on the average net assets of the Plan (2020: 0.25%; 2019: N/A).

First Citizens Bank Limited acts as the Bank of the Plan with a banking relationship similar to that of any non-related bank.

6 Related party transactions (continued)

These balances with related parties were as follows:

	31 December 2020 $	2019 $
Trustee fee for the year	233,081	225,335
Accrued at the end of the year	19,083	18,905
Investment management fees for the year	524,690	450,668
Accrued at the end of the year	57,343	37,809
Custodian fees for the year	407,636	450,669
Accrued at the end of the year	19,098	37,809
Administration fee for the year	466,164	450,669
Accrued at the end of the year	38,165	37,809
Distribution fee for the year	233,081	225,335
Accrued at the end of the year	19,083	18,905
Other balances:		
Investment securities	8,778,640	2,694,526
Income receivable	79,578	7,545
Due from related parties	745,237	1,045,825
Cash and cash equivalents	5,997,142	6,394,476
Other payables	(170,596)	(180,047)
Net investment income	238,762	197,096

7 Other payables

	2020	2019
Fees	152,772	151,237
Audit fees	120,000	135,561
Publication expenses	76,228	53,024
Insurance expenses	17,823	28,810
TTSEC market access fees	873	912
	367,696	369,544

8 Members' balances

	2020	2019
Balance at beginning of year	80,998,915	80,203,881
Contributions	7,214,680	8,003,998
Withdrawals	(8,071,153)	(8,606,904)
Income credited to members	1,611,456	1,397,940
Balance at end of year	81,753,898	80,998,915

9 Net investment income

	2020	2019
Interest	3,719,704	3,102,133
Dividends	109,011	600,883
Discount accretion	1,156	7,872
Amortisation of premium	(234,460)	(236,378)
	3,595,411	3,474,510

10 Income credited to members

	31 December 2020 %	2019 %
Rate of interest	1.50	2.00

The rate of income to be credited to members for 2020 was declared and credited in 2021.

11 Financial risk management

The Plan's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Plan's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Plan's financial performance.

The Investment Manager's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Investment Manager regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practice.

Risk management is overseen by the Board of Directors of the Investment Manager which has delegated its responsibility to an Investment Committee that is responsible for the supervision of the fiduciary investment activities of the Investment Manager. The Investment Committee receives information on key market and economic risk events, trends and forecasts. In addition, the Plan's Investment Policy Statement identifies and defines the various financial risks faced by the Plan and sets appropriate risk limits and controls.

The Group's risk policies utilizes the three lines of defense concept to manage risk. The first line encompasses the functional areas which design and implement controls to mitigate the risks which they face, the second line are control functions such as risk management and finance which monitor the first line against these standards/controls. The third line is the Group's internal audit function which provides additional assurance and independent review or risk management and the control environment.

The most important types of financial risk are credit risk, market risk, concentration risk and liquidity risk. Market risk includes currency risk, interest rate and other price risk.

a. *Credit risk*

(i) *Definition*

The Plan is exposed to credit risk which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main concentration to which the Plan is exposed arises from the Plan's investment in debt securities. The Plan is also exposed to counterparty credit risk on cash and cash equivalents and receivable balances.

(ii) *Management of risk*

Credit risk is mitigated to some extent by limiting the Plan's exposure to issuers with high credit ratings. The Plan also reduces this risk by prudent credit analysis of issuers to restrict questionable exposures in the Plan.

(iii) *Credit risk grading*

The Plan uses the Group's internal credit risk grading or ratings which reflect its assessment of the risk profile or PD of counterparties. The Plan utilises one (1) rating model for all financial assets.

Investment securities

For sovereign and corporate Investment securities, the ratings published by Standards and Poor's Rating Agency (S&P), where available, are used. For sovereigns with no S&P rating, the Group's Research and Analytics Unit uses a model based on the S&P methodology to generate a rating. For corporate investment securities with no S&P rating, a rating is assigned using the Borrower Risk Rating (BRR) model.

S&P published ratings are continuously monitored and updated. The PD's associated with each rating are determined based on realised default over the prior 12 months, as published by the rating agency. The ratings generated by the BRR model are also updated annually.

The Table below provides a comparative view of the rating models used by the First Citizens Group:

	S&P Rating	Research & Analytics Risk Rating (Investment Securities)	FC Borrower Risk Rating (Corporate)	FC IG Code	Interpretation
Investment Grade	AAA, AA+	A+	1	98	Extremely Low Risk
	AA, AA-	A			
	A+, A	A-	2	95	Very Low Risk
	BBB+, BBB, BBB-	B+	3	90	Low Risk
Speculative Grade	BB+, BB, BB-	B	4	85	Moderate Risk
	B+, B, B-	B-	5	80	High Risk
	CCC+, CCC, CCC-, CC+, CC, CC-, C+, C, C-	C	6	65	Very High Risk
	D	D	7	*	In Default

As at December 2020, 99% (2019: 96%) of the investments in debt securities and other bills have at least a BBB- based on Standards & Poor's Ratings.

(iv) *Expected credit loss measurement*

IFRS 9 established a new model for recognition and measurement of impairments in financial instruments that are measured at amortised cost or FVOCI called the expected credit losses model. Expected credit losses are measured according to one of three approaches- a general approach, a simplified approach and a credit adjusted approach.

The simplified approach applies to all amounts due from related parties. At initial recognition, the Plan recognizes a loss allowance based on Lifetime ECLs. This approach does not require the significant estimation and judgement necessary to determine whether there have been changes in credit risk and whether such changes are significant. A provision matrix is used to measure the lifetime ECL.

For all investments, IFRS 9 outlines a three-stage model (general approach) for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Plan.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired.

11 Financial risk management (continued)

a. *Credit risk (continued)*

(iv) *Expected credit loss measurement (continued)*

- If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3. Please refer to note 11.a (v) for a description of how the Plan defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses within the next twelve (12) months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 11.a (vi) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information. Note 11.a (vii) includes an explanation of how the Plan has incorporated this in its ECL model.
- Purchased or originated credit-impaired (POCI) financial assets are those assets that are credit- impaired on initial recognition. The ECL is always measured on a lifetime basis and is deemed "built-in" to the fair value on origination. A credit impaired effective interest rate is used to amortize these instruments to their maturity. Changes to the life-time expected credit losses are adjusted in the amortized prices.

Further explanation is also provided of how the Plan determines appropriate groupings when ECL is measured on a collective basis refer to note 11.a (vii).

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(initial Recognition) 12 month expected credit losses	**(Significant increase in credit risk)** Lifetime expected credit losses	**(Credit - impaired assets)** Lifetime expected credit losses

Significant increases in credit risk (SICR)

The Plan considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following criteria have been met.

Investment securities

Criteria	Investment Grade Portfolio	Single "B" Speculative Grade Portfolio
Absolute Measure	PD - 15% or higher	PD - 25% or higher
AND	AND	AND
Relative Measure	One notch downgrade (investment securities rating scale)	One notch downgrade (investment securities rating scale)
OR	OR	OR
Special Consideration	Eurobonds with Trigger 3 Breaches	Eurobonds with Trigger 3 Breaches

The Plan has not used the low credit risk exemption for any financial instruments in the year ended 31 December 2020.

Significant decreases in credit risk (SDCR)

With respect to the cure for SICR, the Plan considers a significant decrease in credit risk has occurred when the following happens:

Investment securities:

Criteria	Investment Grade Portfolio	Single "B" Speculative Grade Portfolio
Absolute Measure	PD – 12.5% or lower	PD - 25% or lower
AND	AND	AND
Relative Measure	Credit rating reverts to level just prior to the SICR	One notch upgrade (investment securities rating scale)
OR	OR	OR
Special Consideration	No credit stop loss breaches	No credit stop loss breaches

(v) *Definition of default and credit-impaired assets*

The Plan defines a financial instrument as in default, which is fully aligned with the definition of credit- impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower formally files for bankruptcy or there is a commencement of foreclosure proceedings.
- The obligation is classified Doubtful or worse as per The Plan's classification process.
- A modification to the terms and conditions of the original agreement that would not normally be considered is executed
- Restructure proceedings or an indication of the intention to restructure is initiated by the issuer (investments only).

The criteria above have been applied to all financial instruments held by The Plan and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD), throughout The Plan's expected loss calculations.

An investment instrument is considered to no longer be in default (i.e. to have cured) when it has been restructured. An exception exists for credit-impaired facilities at origination.

(vi) *Measuring ECL - Explanation of inputs, assumptions and estimation techniques*

The Expected Credit Loss (ECL) is measured on either a twelve (12) month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation (as defined in note 11 a (v)), either over the next twelve (12) months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Plan expects to be owed at the time of default, over the next twelve (12) months (12M EAD) or over the remaining lifetime (Lifetime EAD). The EAD is calculated as the outstanding balance less the discounted collateral value. Collateral values are discounted by first making adjustments to account for the cost of disposal and the expected time it would take to sell the collateral. This present value of this reduced collateral value is then calculated by discounting it by the effective interest rate of the facility.
- LGD is expressed as the percentage of loss expected to be incurred if the default occurs over the remaining expected lifetime of the loan and represents management's expectation of the extent of loss on a defaulted exposure. LGD varies by seniority of claim and product type, while the availability of collateral is factored before LGD is considered.

PDs

The lifetime and twelve (12) month PDs are determined differently for loans and investment securities. Loans' PDs are derived from the historical experience of the Plan, calculated using a vintage analysis methodology. The investment securities' PDs for sovereign and corporate instruments are taken from the Standard & Poor's (S&P) Annual Sovereign Default and Rating Transition Study and the Annual Global Corporate Default and Transition Study, respectively.

EAD

For amortising products and bullet repayment loans, EAD is based on the contractual repayments owed by the borrower over a twelve (12) month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment assumptions are also incorporated into the calculation.

For revolving products, the EAD is calculated by taking the current drawn balance and adding a credit conversion factor (CCF) which adjusts for the expected drawdown of the remaining unutilised limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on an analysis of the product's usage over a two (2) year period. (Note 11 a.(v))

LGD

For sovereign investment securities, LGDs are obtained from Moody's Investor Services' Data Report on Sovereign Global Default and Recovery Rates (1983-2019). Corporate investment securities LGDs are based on the standard terms for North American corporate entities CDS contracts, taken from Moody's Analytics' CDS-implied EDF™ Credit Measures and Fair-value Spreads.

11 Financial risk management (continued)

a. *Credit risk (continued)*

(vii) *Forward-looking information incorporated in the ECL models*

Determination of macro-economic scenarios and probabilities
For each country in which the Plan has investment securities, management performs scenario analysis to determine the impact of future economic conditions on the PD in these countries. After testing multiple economic indicators, a main macro-economic variable (MEV) is determined, which is statistically linked to the credit risk of that sovereign. To increase the robustness of the model and in light of the shock from COVID-19, management adopted a bivariate model to determine two MEVs for key sovereigns. The statistical relationship is determined through regression analysis and an analysis of various measures of significance. The sign of the co-efficients is also an important factor in determining the use of the two MEVs.

Correlation analysis is then conducted between the two MEVs and key sovereign credit risk metrics, to determine which are most significant. Three selected sovereign credit risk metrics were identified as sovereign credit rating drivers to quantify the impact of the MEVs on each credit risk driver, ordinary least squares (OLS) regression is conducted. To establish scenarios, the MEVs are 'shocked', such that the official forecast for each year moves up and down by a multiple of the historical standard deviation to establish a best- and worse-case. The new values derived are run through a regression model to quantify the relationship between the credit rating and the scenarios. Data used in the update of the model as at 31 December, 2020 incorporate the impact of COVID-19, as such the forward looking scenarios factor in the economic shock of the pandemic.

Credit ratings were forecasted for the next three years using these macro-economic scenarios. The weightings applied to the forecasted ratings were 60% for year 1, 20% each for year 2 and 3. These weightings were determined based on management's judgment and experience.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Management judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the Economics Research Unit on a periodic basis and provide the best estimate view of the economy over the next three years. After three years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used. The impact of these economic variables on the PD, EAD and LGD has been determined by performing regression analysis to understand the impact changes in these variables have had historically on default rates and LGD.

The calculation of ECL incorporates forward-looking information. The Plan has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

(viii) *Risk limit control and mitigation policies*

The Plan structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single borrower, groups of borrowers, industry and country segments. The Plan monitors its concentration of credit exposure so that no single borrower default will have a material impact on the Plan. These limits are implemented and monitored by the Group Credit Risk Management Unit through the Group Credit Policy Manual. In instances where it is strategically beneficial and adequately documented, the Plan would seek approval on an exception basis for variation to the approved limits from the Board of Directors.

(a) *Single borrower and borrower group exposure limits*
Limits established by regulatory authorities have been incorporated into the credit policies where concentration is restricted by limiting credit amounts to a percentage of the capital base. This is supported by a stringent reporting requirement and is further enhanced by policies requiring periodic review of all commercial credit relationships.

(b) *Industry exposure limits*
These limits have been established based on a ranking of the riskiness of various industries. The ranking is guided by a model developed for the Group for this purpose. The model utilises a scale incorporating scores of 1 to 6 with 1 being the least risky. Exposure limits as a percentage of the total credit portfolio have been established to the various Industry exposure categories based on the risk ranking.

(c) *Country exposure limits*
Exposure limits have been established for selected countries which are considered to be within the Plan's target market. Three (3) risk categories have been developed and the selected countries have been assigned to these categories based either on ratings issued by acceptable rating agencies or the Plan's own internal assessment of the strategic direction of the Plan. Maximum cross border exposure has been limited to a pre-determined portion of total assets and this amount is allocated to the various risk categories with a larger share being allocated to the more highly rated categories.

(d) *Impairment and provisioning policies*
The Plan's impairment provision policy is covered in detail in Note 2(c) (i).

(ix) *Maximum exposure to credit risk*

	31 December 2020	2019
	$	$
Gross maximum exposure		
Cash and cash equivalents	5,997,142	6,394,476
Investment securities	76,553,355	62,406,539
Income receivable	888,047	718,417
Due from related parties	745,237	1,045,825
	84,183,781	70,565,257

The above table represents a worst case scenario of credit risk exposure to the Plan without taking account of any collateral held or other credit enhancements attached.

As shown above, 9.0% of the total maximum exposure is derived from cash and cash equivalents, receivables and due from related parties (2019: 12.0%); while 91.0% represents investments in other debt securities (2019: 88.0%).
Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Plan resulting from both its cash and cash equivalents and receivables portfolio and its other debt securities based on the following:

- The Plan limits its exposure to issuers with high credit ratings
- The Plan performs prudent credit analysis of issuers to restrict questionable exposures to the Plan

Concentration of risks of financial assets with credit exposure

	Financial Institutions	Public Sector	Private Sector	Total
	$	$	$	$
As at 31 December 2020				
Investment securities - debt instruments	8,778,640	62,487,041	5,287,674	76,553,355
Income receivable	79,578	749,818	58,651	888,047
Due from related parties	745,237	--	--	745,237
Cash and cash equivalents	5,997,142	--	--	5,997,142
	15,600,597	63,236,859	5,346,325	84,183,781
As at 31 December 2019				
Investment securities - debt instruments	2,694,526	54,347,187	5,364,826	62,406,539
Income receivable	7,545	651,500	59,372	718,417
Due from related parties	1,045,825	--	--	1,045,825
Cash and cash equivalents	6,394,476	--	--	6,394,476
	10,142,372	54,998,687	5,424,198	70,565,257

(x) *Expected credit loss*

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Plan's maximum exposure to credit risk on these assets.

	31 December 2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$	$	$	$
Credit rating:				
Investment grade	76,612,018	--	--	76,612,018
Gross balance	76,612,018	--	--	76,612,018
Loss allowance	(58,663)	--	--	(58,663)
Carrying balance	76,553,355	--	--	76,553,355

	31 December 2019			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$	$	$	$
Credit rating:				
Investment grade	62,421,103	--	--	62,421,103
Gross balance	62,421,103	--	--	62,421,103
Loss allowance	(14,564)	--	--	(14,564)
Carrying balance	62,406,539	--	--	62,406,539

(xi) *Expected credit loss allowance*
The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent step up (or step down) between the 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;

11 Financial risk management (continued)

a. *Credit risk (continued)*

(xi) *Expected credit loss allowance (continued)*

- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models; currently ten years of data for PDs are being used (2019: nine years was used), and management's intention is to maintain this ten year rolling average for the PDs.
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets that were written off during the period.

For the financial year ended 31 December 2020, there was no significant increase in credit risk (SICR) on financial instruments.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors.

Investment securities	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Loss allowance as at 1 January 2020	14,564	--	--	14,564
Movement with P&L Impact				
Transfer from stage 2 to stage 1	--	--	--	--
New financial assets originated	14,700	--	--	14,700
Change in PDs/LGDs/EADs	29,399	--	--	29,399
Repayment	--	--	--	--
Total net P&L charge during the period	44,099	--	--	44,099
Other movement with no P&L impact				
Financial assets derecognised during the period	--	--	--	--
Write-offs	--	--	--	--
Loss allowance as at 31 December 2020	58,663	--	--	58,663

Investment securities	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Loss allowance as at 1 January 2019	15,105	10,141	--	25,246
Movement with P&L Impact				
Transfer from stage 2 to stage 1	10,141	(10,141)	--	--
New financial assets orginated	--	--	--	--
Change in PDs/LGDs/EADs	(2,144)	--	--	(2,144)
Repayment	(8,538)	--	--	(8,538)
Total net P&L charge during the period	(541)	(10,141)	--	(10,682)
Other movement with no P&L impact				
Financial assets derecognised during the period	--	--	--	--
Write-offs	--	--	--	--
Loss allowance as at 31 December 2019	14,564	--	--	14,564

b. *Market risk*

The Plan takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

(i) *Currency risk*

- *Definition*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

- *Management of risk*

The majority of the Plan's assets are denominated in Trinidad and Tobago dollars with an insignificant portion denominated in United States dollars. All of the Plan's liabilities are denominated in Trinidad and Tobago dollars. The strategy is to minimise the amount of assets held in currencies other than Trinidad and Tobago dollars.

- *Concentration of currency risk*

The following table analyses the Plan's assets and liabilities by currency with all amounts denominated in Trinidad and Tobago dollars:

As at 31 December 2020	TT $	US $	Total $
Financial assets			
Investment securities	68,592,877	13,937,434	82,530,311
Income receivable	724,000	164,047	888,047
Due from related parties	745,237	--	745,237
Cash and cash equivalents	5,120,554	876,588	5,997,142
Total financial assets	75,182,668	14,978,069	90,160,737
Financial liabilities			
Other payables	367,696	--	367,696
Members' balances	81,753,898	--	81,753,898
Total financial liabilities	82,121,594	--	82,121,594
Net statement of financial position	(6,938,926)	14,978,069	

As at 31 December 2019	TT $	US $	Total $
Financial assets			
Investment securities	67,535,936	14,216,692	81,752,628
Income receivable	718,417	--	718,417
Due from related parties	1,045,825	--	1,045,825
Cash and cash equivalents	6,331,659	62,817	6,394,476
Total financial assets	75,631,837	14,279,509	89,911,346
Financial liabilities			
Other payables	369,544	--	369,544
Members' balances	80,998,915	--	80,998,915
Total financial liabilities	81,368,459	--	81,368,459
Net statement of financial position	(5,736,622)	14,279,509	

- *Sensitivity analysis for currency risk*

The table below summarizes the Plan's sensitivity to a reasonable change in the foreign exchange rate between the US Dollar and the TT Dollar with all other variables held constant on equity.

	Effect on Equity 2020 $	Effect on Equity 2019 $
Change in Foreign Exchange Rate		
100 bps	149,781	142,795
-100 bps	(149,781)	(142,795)

(ii) *Interest rate risk*

- *Definition*

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value and future cash flows of financial assets and liabilities. Fixed interest securities expose the Plan to fair value interest rate risk. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes Floating rate debt instruments and cash and cash equivalents expose the Plan to cash flow interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

- *Management of risk*

The Plan's fixed income assets are classified under the amortised cost category, therefore there is limited exposure to fair value interest rate risk. There may be some exposure to cashflow interest rate risk.

This risk is managed by maintaining financial assets with an appropriate mix of maturity profiles which seek to match the Plan's liability profile where possible subject to market conditions. However, if the interest environment is expected to rapidly increase over a relatively short period, assets under this category may be sold to mitigate against duration or cash flow sensitivity. Historically there has been no sale of bonds from the Plan.

- *Concentration of interest rate risk*

The table below summarises the Plan's exposure to interest rate risk. Included in the table are the Plan's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturities.

As at 31 December 2020	Up to 1 year $	1 to 5 years $	Over 5 years $	Non-interest bearing $	Total $
Financial assets					
Investment securities	4,467,785	41,399,074	30,686,496	5,976,956	82,530,311
Income receivable	3,073	574,710	310,264	--	888,047
Due from related parties	--	--	--	745,237	745,237
Cash and cash equivalents	5,997,142	--	--	--	5,997,142
Total financial assets	10,468,000	41,973,784	30,996,760	6,722,193	90,160,737
Financial liabilities					
Other payables	--	--	--	367,696	367,696
Members' balances	7,883,274	17,136,895	56,733,729	--	81,753,898
Total financial liabilities	7,883,274	17,136,895	56,733,729	367,696	82,121,594
Interest Sensitivity Gap	2,584,726	24,836,889	(25,736,969)	6,354,497	

11 Financial risk management (continued)

b. *Market risk (continued)*

(ii) *Interest rate risk (continued)*

• *Concentration of interest rate risk (continued)*

As at 31 December 2019	Up to 1 year $	1 to 5 years $	Over 5 years $	Non-interest bearing $	Total $
Financial assets					
Investment securities	3,990,464	24,134,311	34,281,764	19,346,089	81,752,628
Income receivable	11,888	234,196	472,333	--	718,417
Due from related parties	--	--	--	1,045,825	1,045,825
Cash and cash equivalents	6,394,476	--	--	--	6,394,476
Total financial assets	10,396,828	24,368,507	34,754,097	20,391,914	89,911,346
FInancial liabilities					
Other payables	--	--	--	369,544	369,544
Members' balances	8,864,705	17,341,820	54,792,390	--	80,998,915
Total financial liabilities	8,864,705	17,341,820	54,792,390	369,544	81,368,459
Interest sensitivity gap	1,532,123	7,026,687	(20,038,293)	20,022,370	

• *Sensitivity analysis for interest rate risk*

The table below summarises the Plan's sensitivity to a reasonable change in the market interest rate with all other variables held constant on operating profit, other comprehensive income and equity before income to be credited to members is considered.

	Effect on equity 2020 $	Effect on equity 2019 $
Change in interest rate		
-100 bps	3,526,110	3,096,306
100 bps	(3,526,110)	(3,096,306)

(iii) *Other price risk*

• *Definition*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from changes in interest rates or foreign exchange rates), whether those changes are caused by factors specific to the individual financial instruments or issuer, or factors affecting all similar financial instruments traded in the market. The Plan is affected by changing prices of equity instruments classified as fair value through profit and loss with fair value movements recognised in the statement of comprehensive income.

• *Management of risk*

The Plan holds financial assets that are either traded on registered exchanges or are private placements.

Market price risk is managed through a diversification of the financial assets portfolio. The managers of the Plan set prudent exposure limits among its asset classes.

The Plan's overall investment exposures are monitored on a daily basis and are reviewed quarterly by the Investment Managers.

c. *Liquidity risk*

(i) *Definition*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities and redeemable units.

(ii) *Management of risk*

The Plan is exposed to withdrawals from members on or after the member's 50th birthday. The Plan also provides for certain other restrictions on withdrawals.

This means that the Plan invests the majority of its assets in marketable securities which can be disposed of if the need arises, while trying to match the maturity profiles of the investments with the maturity of the members' contracts.

The table below analyses the financial assets and liabilities of the Plan into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at 31 December 2020	Up to 1 year $	1 to 5 years $	Over 5 Years $	Total $
Financial liabilities:				
Other payables	367,696	--	--	367,696
Members' balance	7,883,274	17,136,895	56,733,729	81,753,898
Total financial liabilities	8,250,970	17,136,895	56,733,729	82,121,594
Total financial assets	17,190,193	41,973,784	30,996,760	90,160,737
Liquidity gap	8,939,223	24,836,889	(25,736,969)	8,039,143

As at 31 December 2019	Up to 1 year $	1 to 5 years $	Over 5 years $	Total $
Financial liabilities:				
Other payables	369,544	--	--	369,544
Members' balance	8,864,705	17,341,820	54,792,390	80,998,915
Total financial liabilities	9,234,249	17,341,820	54,792,390	81,368,459
Total financial assets	30,788,742	24,368,507	34,754,097	89,911,346
Liquidity gap	21,554,493	7,026,687	(20,038,293)	8,542,887

d. *Fair value of financial assets and liabilities*

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

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

	Carrying value December 2020 $	Carrying value December 2019 $	Fair value December 2020 $	Fair value December 2019 $
Financial assets				
Cash and cash equivalents	5,997,142	6,394,476	5,997,142	6,394,476
Income receivables	888,047	718,417	888,047	718,417
Due from related parties	745,237	1,045,825	745,237	1,045,825
Investment securities:				
- amortised cost	76,553,355	62,406,539	81,343,940	65,785,809
Financial liabilities				
Other payables	367,696	369,544	367,696	369,544
Members' balances	81,753,898	80,998,915	81,753,898	80,998,915

Financial instruments where carrying value is equal to fair value

Due to their liquidity and short-term maturity, the carrying values of certain financial instruments approximate their fair values.

Investment securities - Amortised cost

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

(ii) *Fair value estimation*

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to these valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Plan's market assumptions. These two types of inputs have created the following fair value hierarchy: -

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

This hierarchy requires the use of observable market data when available. The Plan considers relevant and observable market prices in its valuations where possible.

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

	Level 1 $	Level 2 $	Level 3 $	Total $
As at 31 December 2020				
Investment securities - FVPL Equity	5,976,956	--	--	5,976,956
Total investment securities - FVPL	5,976,956	--	--	5,976,956
As at 31 December 2019				
Investment securities - FVPL Equity	19,346,089	--	--	19,346,089
Total investment securities - FVPL	19,346,089	--	--	19,346,089

12 Contingencies and commitment

The Plan has no undisclosed contingent liabilities or commitments which have not been provided for in these financial statements.

13 Events after the statement of financial position date

There were no events after the reporting period which were material to the financial statements and should have resulted in adjustments to the financial statements or disclosures when the financial statements were authorised for issue.