COLINA
REAL ESTATE FUND LTD.

2019 ANNUAL REPORT

Providing the best in property solutions across The Bahamas

contents

message from **the chairman**

Dear Shareholders,

Colina Real Estate Fund Ltd. (CREFL) continues to deal with the economic challenges presented in the local market due to hurricane Dorian in 2019 and Covid in early 2020.

The Company's balance sheet recorded total assets of $13.6 million, which evidenced a reduction in total assets of $0.8 million with the bulk of this loss being directly attributable to a $0.8 million decrease in in the Company's property values at Freeport and Abaco. Total liabilities stood at $2.4 million and represented a $0.2 million improvement year on year.

Based on the foregoing, total equity stood at $11.1 million as at December 31st, 2019, compared to $11.7 million as at December 31, 2018.

The Company recorded net loss of $0.6 million for the year ended December 31,2019 compared to $0.6 million net income in 2018. The loss in 2019 is largely attributable to a provision on bad debt of $0.2 million on the receivable from a major tenant in Freeport and a write down of the fair value loss of $0.8 million previously referenced.

The Company's property in Nassau remain over 90% occupied, however, in the Freeport property, a major tenant has vacated due to the inability to sustain its economic viability. Therefore presently the occupancy rate has dropped to 46%.

The Company continues to look for opportunities to expand and grow. The Company is mobilizing to repair damages in Freeport and Abaco as a result of Hurricane Dorian.

As always, we are both grateful for and reliant upon the continued support of you, our shareholders, as we work together to continue building on CREFL's success.

Sincerely,

COLINA REAL ESTATE FUND LTD.
Emanuel M. Alexiou
Chairman

Management's Discussion & Analysis

Colina Real Estate Fund Ltd. (CREFL) - Management's Discussion and Analysis (MD&A) for the year ended December 31, 2019..

FORWARD-LOOKING STATEMENTS

This report provides an analysis of the Company's financial condition and results of operations. Historical information is presented and discussed and, where appropriate, the report may contain forward-looking statements about the Company including its business operations, strategies, and expected financial performance. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, and that indicate or imply future results, performance or achievements. Such forward-looking statements may include words like "believes", "expects", "estimates", "intends", "projects", "anticipates", "plans", and other words or phrases with similar meaning.

Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties, and assumptions about the Company that may cause actual results to differ significantly from those expressed or implied. As a result of these uncertainties, readers should not place undue reliance on forward-looking statements as a prediction of actual results.

Colina Real Estate Fund Ltd. (formerly RND Holdings Ltd.) was incorporated in The Bahamas on September 6th, 1994 under the provisions of the Companies Act 1992. On April 19th, 2011, the Company adopted its present name. At December 31, 2019, 84.59% of the Company's issued ordinary shares were owned by Colina Insurance Limited ("the Majority Shareholder").

BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES

The Consolidated Financial Statements of the Company on which the information presented in this report is based have been prepared in accordance with International Financial Reporting Standards. This report should be read in conjunction with the annual consolidated financial statements and accompanying note disclosures.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

A description of changes in accounting policies and disclosures is included in Note 2 to the Consolidated Financial Statements.

OVERALL PERFORMANCE

Colina Real Estate Fund Ltd. (CREFL)

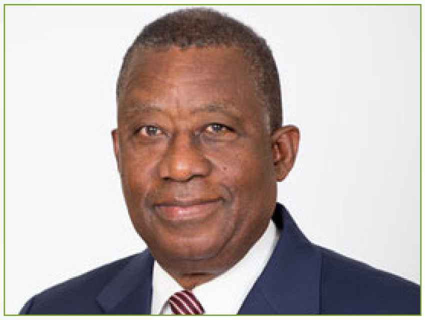
Statistical Financial Reporting data
(All data in B$000s with exception of $ per share amounts)
For the year ended December 31, 2019

	2019	2018	2017	2016
Net Income for the year	$(639)	$632	$285	$394
Net income for ordinary shareholders	$(639)	$632	$285	$394
Revenue	$1,447	$1,50 5	$1,495	$1,489
Total assets	$13,578	$14,383	$14,055	$14,005
Total invested assets	$13,381	$14,216	$13,799	$13,590
Share capital	$96	$96	$97	$97
Total Equity	$11,139	$11,788	$11,167	$10,894
Return as a % of total assets	-4.71%	4.39%	2.03%	2.81%
Return on total equity	-5.74%	5.36%	2.56%	3.61%
Earnings per ordinary share	-0.066	$0.07	$0.03	$0.03

Board of *Directors*

Emanuel M. Alexiou, Chairman
Executive Vice Chairman,
Colina Insurance Limited
Senior Partner, Alexiou, Knowles & Co.
Publisher, The Nassau Guardian Ltd.
Director since 2010

Anthony Ferguson, Director
President, Colina Financial Advisors Ltd.
Director since 2010



James Smith, Director
Chairman, Colina Financial Advisors Ltd.
Director since 2013

Andrew Alexiou, Secretary
Managing Director,
Ansbacher (Bahamas) Limited
Director since 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

CREFL's principal operation is the management and rental of its commercial properties. CREFL has in excess of 70,000 sq.ft of commercial retail space between its New Providence and Freeport plazas.

For the 12-month period ended December 31, 2019, revenues totaled $1.45 million, slightly down from the prior year due to a loss of a major tenant in Freeport. The plazas are located in prime commercial locations but with the major tenant vacating rental space in Freeport the occupancy rate dropped to 46% whereas in Nassau the occupancy levels exceeded 90%.

CREFL's balance sheet showed total assets of $13.6 million which compared with prior year of $14.4 million reflects a reduction of $0.8 million due to write down (loss in fair value) of property in Freeport and Abaco. Total liabilities decreased in 2019 to $2.4 million as compared to $2.6 million in 2018.

Based on the foregoing, total equity decreased by $0.6 million. Total equity stood at $11.1 million in 2019 compared to $11.8 million in 2018.

Statistical Financial Reporting data
(All data in B$000s with exception of $ per share amounts)
For the year ended December 31, 2019

	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total Revenue	$365	$363	$363	$356	$381	$366	$380	$377
Net Earnings by quarter								
Total net income	$867	$61	$82	$85	$301	$120	$107	$104
Net income attributable to ordinary shareholders	$867	$61	$82	$85	$301	$120	$107	$104
Quarterly earnings per Ordinary Share	$0.09	$0.01	$0.01	$0.01	$0.03	$0.02	$0.01	$0.01

consolidated
financial statements

For the year ended December 31, 2019.
Colina Real Estate Fund Ltd. (CREFL)

KPMG

Consolidated Financial Statements

COLINA REAL ESTATE FUND LTD.

Year ended December 31, 2019

COLINA REAL ESTATE FUND LTD.

Consolidated Financial Statements

Year ended December 31, 2019

KPMG
PO Box N-123
Montague Sterling Centre
13 East Bay Street
Nassau, Bahamas

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Colina Real Estate Fund Ltd.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Colina Real Estate Fund Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2019 the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information to be included in the Group's annual report (but does not include the consolidated financial statements and our auditors' report thereon), which is expected to be made available to us after the date of this auditors' report.

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

Phone: +1 242 393 2007
Fax: +1 242 393 1772
Internet: www.kpmg.com.bs

Other Information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (continued)

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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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.

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

- 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.
- 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 auditors' 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 auditors' 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements, continued

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.

KPMG

Nassau, Bahamas
October 5, 2020

COLINA REAL ESTATE FUND LTD.

Consolidated Statement of Financial Position

December 31, 2019, with corresponding figures for 2018
(Expressed in Bahamian dollars)

	Note		2019	2018
ASSETS				
Current assets				
Cash and cash equivalents	19	$	121,513	116,066
Accounts receivable, net	5, 19		157,034	131,010
Prepayments and deposits			23,460	22,553
Investments	6, 17, 19		490,460	580,128
Total current assets			792,467	849,757
Non-current assets				
Investment properties	7		12,660,000	13,520,000
Right of use asset	9, 17		109,166	-
Property and equipment	8		16,992	12,936
Total non-current assets			12,786,158	13,532,936
Total assets		$	13,578,625	14,382,693
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued expenses	10, 17	$	150,581	124,177
Current portion of long-term debt	11, 17, 19		316,372	289,724
Security deposits			145,234	148,968
Total current liabilities			612,187	562,869
Non-current liabilities				
Long-term debt	11, 17, 19		1,715,261	2,031,633
Lease liability	9		112,332	-
Total liabilities			1,827,593	2,031,633
Total liabilities		$	2,439,780	2,594,502
Equity				
Share capital	12		96,173	96,400
Share premium			6,179,966	6,189,459
Contributed capital			3,175,087	3,175,087
Retained earnings			1,687,619	2,327,245
Total equity			11,138,845	11,788,191
Total liabilities and equity		$	13,578,625	14,382,693

See notes to consolidated financial statements

These consolidated financial statements were approved on behalf of the Board of Directors on October 5, 2020 by the following:

Director____________________ Director____________________

COLINA REAL ESTATE FUND LTD.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2019, with corresponding figures for 2018
(Expressed in Bahamian dollars)

	Note		2019	2018
Revenue	7, 16	$	1,447,163	1,504,673
			1,447,163	1,504,673
General and administrative expenses:				
Maintenance			(193,598)	(196,838)
Salaries	17		(180,355)	(182,970)
Insurance	17		(116,826)	(115,634)
Professional fees	17		(99,085)	(102,750)
Property taxes			(74,716)	(77,019)
Utilities and rent			(29,450)	(59,612)
Miscellaneous			(69,936)	(53,834)
Directors fees	17		(32,000)	(32,000)
Increase in loss allowance	5		(180,759)	(22,711)
Janitorial services			(15,010)	(16,748)
Business license fees			(12,298)	(12,348)
Depreciation	8, 9		(37,506)	(11,323)
			(1,041,539)	(883,787)
Operating income			405,624	620,886
Other income	13		10,278	24,192
Finance costs	11, 14, 17		(206,160)	(223,735)
Fair value (loss) gain on investment property	7		(860,000)	202,452
Net change in fair value of investments	6		10,632	7,793
Net (loss) income		$	(639,626)	631,588
Loss per share				
Basic and diluted		$	(.0067)	0.066

See notes to consolidated financial statements.

COLINA REAL ESTATE FUND LTD.

Consolidated Statement of Changes in Equity

Year ended December 31, 2019, with corresponding figures for 2018
(Expressed in Bahamian dollars)

		Share Capital	Share Premium	Contributed Capital	Revaluation Reserve	Retained Earnings	Total Equity
Balance at December 31, 2017	$	96,643	6,199,892	3,175,087	30,843	1,664,814	11,167,279
IFRS 9 transition adjustment		-	-	-	(30,843)	30,843	-
Balance at December 31, 2017 (restated)	$	96,643	6,199,892	3,175,087	-	1,695,657	11,167,279
Net income		-	-	-	-	631,588	631,588
Transactions with shareholders of the Group:							
Repurchase of shares (Note 12)		(243)	(10,433)	-	-	-	(10,676)
Balance at December 31, 2018		96,400	6,189,459	3,175,087	-	2,327,245	11,788,191
Net loss		-	-	-	-	(639,626)	(639,626)
Transactions with shareholders of the Group:							
Repurchase of shares (Note 12)		(227)	(9,493)	-	-	-	(9,720)
Balance at December 31, 2019	$	96,173	6,179,966	3,175,087	-	1,687,619	11,138,845

See notes to consolidated financial statements.

COLINA REAL ESTATE FUND LTD.

Consolidated Statement of Cash Flows

Year ended December 31, 2019, with corresponding figures for 2018
(Expressed in Bahamian dollars)

	Note		2019	2018
Operating activities				
Net (loss) income		$	(639,626)	631,588
Adjustments for:				
Increase in loss allowance	5		180,759	22,711
Direct write-off			-	2,879
Interest expense	14		204,448	221,921
Depreciation charge for the year	8, 9		37,506	11,323
Fair value loss (gain) on investment properties	7		860,000	(202,452)
Net change in fair value of investments	6		(10,632)	(7,793)
Operating cash flows before movements in working capital			632,455	680,177
Net changes in working capital items:				
Accounts receivable, net			(206,783)	49,087
Prepayments and deposits			907	4,565
Security deposits			(3,734)	(7,579)
Accounts payable and accrued expenses			26,404	8,211
Net cash from operating activities			447,435	734,461
Interest paid			(197,074)	(221,921)
Net cash provided by operating activities			250,361	512,540
Investing activities				
Annual lease payment			(31,500)	-
Purchase of property and equipment	8		(14,270)	(1,708)
Proceeds from sale of investments			104,600	9,302
Purchase of investments			(4,300)	(7,500)
Renovation of investment properties	7		-	(97,548)
Net cash provided by/(used in) investing activities			54,530	(97,454)
Financing activities				
Repayment of long-term debt			(289,724)	(264,878)
Repurchase of shares			(9,720)	(10,676)
Net cash used in financing activities			(299,444)	(275,554)
Net increase in cash and cash equivalents			5,447	139,532
Cash and cash equivalents, beginning of the year			116,066	(23,466)
Cash and cash equivalents, end of the year		$	121,513	116,066

See notes to consolidated financial statements.

1. General

Colina Real Estate Fund Ltd. (formerly RND Holdings Ltd.) was incorporated in The Bahamas on September 6, 1994, under the provisions of the Companies Act, 1992. The registered office of the Colina Real Estate Fund Ltd. (the "Company) and its subsidiaries (collectively referred to as "the Group" in these consolidated financial statements) is at Trinity Place Annex, Fredrick Street, Nassau, The Bahamas. The Company is 84% owned by Colina Insurance Limited ("the Majority Shareholder"). The Company acts through its subsidiaries and does not have any principal business activity of its own. As at December 31, 2019, the Company's holdings in subsidiaries are disclosed below:

Name of Subsidiary	Place of Incorporation and Operation	Proportion of Ownership Interest	Principal Activity
RND Properties Limited	The Bahamas	100%	Rental of commercial space
Ticket Xpress Limited	The Bahamas	100%	Dormant
RND Cinemas Limited	The Bahamas	100%	Dormant

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The significant accounting policies are as follows:

(a) Basis of preparation

The consolidated financial statements are prepared on the historical cost basis, except for investment properties and investments, which are carried at fair value.

(b) Functional and presentation currency

The consolidated financial statements are presented in Bahamian dollars which is the functional currency of the Group.

(c) Going concern

These consolidated financial statements have been prepared on the basis of going concern assumption.

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate are revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements and significant assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment(s) within the next financial year are included in the following notes:

2. Basis of preparation, continued

(d) Use of estimates and judgments, continued

Note 5 – Loss allowance, Note 6 – Fair value of investments and Note 7 – Fair value of Investment properties

(e) Change in accounting policy

The Group has initially applied IFRS 16 from January 1, 2019. IFRS 16 *Leases* requires lessees to recognize assets and liabilities for most leases. Under IFRS 16, leases are accounted for based on a 'right-of-use model'. The model reflects that, at the commencement date, a lessee has a financial obligation to make lease payments to the lessor for its right to use the underlying asset during the lease term. The lessor conveys that right to use the underlying asset at lease commencement, which is the time when it makes the underlying asset available for use by the lessee. Upon lease commitment a lessee recognizes 'Right to Use Asset' and 'Lease liability'.

The right to use asset is initially measured at the amount of lease liability plus any direct cost incurred by the lessees. After lease commitment the lessees shall measure the right of use asset using a cost model. Under the cost model a right to use asset is measured at cost less accumulated depreciation, less accumulated impairment.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rates implicit in the lease.

As a practical expedient provided in IFRS 16, the Group did not restate comparative information and recognized the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at January 1, 2019.

3. Summary of significant accounting policies

The Group has applied the following accounting policies to the period presented in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at December 31, 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

3. Summary of significant accounting policies, continued

Basis of consolidation, continued

- Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: The contractual arrangement(s) with the other vote holders of the investee rights arising from other contractual arrangements, the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are stated at fair value at the reporting date. Valuations are performed annually with independent assessments done at least every three years, with any adjustment to fair value being based on management's assessment at the reporting date. Investment properties are de-recognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the retirement or disposal of investment property are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal and are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period consolidated financial statements. Gains or losses arising from changes in the fair values are included in the consolidated statement of comprehensive income in the year in which they arise.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

3. Summary of significant accounting policies, continued

Property and equipment

All property and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in profit or loss as incurred. Depreciation is charged so as to write-off the cost or valuation of assets, other than properties under construction, over their estimated useful lives, using the straight-line method, on the following basis:

Leasehold improvements	33.33%
Furniture, fixtures, and equipment	12.50% to 33%
Vehicles	20%

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of comprehensive income.

Intangible assets

Intangible assets relate to computer software costs incurred by the Group. These intangible assets are measured initially at purchase cost. For subsequent measurement, the Group applies the cost model, and accordingly carries the intangible assets at cost less any accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method over an average of five years.

Impairment of non-financial and intangible assets

At each reporting date, the Group reviews the carrying amounts of its non-financial and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

3. Summary of significant accounting policies, continued

Impairment of non-financial and intangible assets, continued

Impairment losses are recognized in the consolidated statement of comprehensive income consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Revenue recognition

Rental income arising from operating leases is recognized on a straight line basis except for contingent rental income which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as an expense over the lease term on the same basis as the lease income. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated statement of comprehensive income when the right to receive them arises.

Interest income is recognized on an accrual basis.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Group only deals with operating leases as a lessor.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value when the effect is material.

Foreign currency transactions

The Group's presentation and functional currency is Bahamian Dollars. In preparing the consolidated financial statements of the Group, transactions in currencies other than Bahamian Dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Summary of significant accounting policies, continued

Financial instruments

The Group's financial instruments include non-derivative financial assets and financial liabilities.

Financial assets and financial liabilities are recognized on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss. The subsequent measurement of financial assets depends on their classification. On derecognition of financial assets due to transfer of control or loss of rights to receiving cash flows, the Group evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans, and borrowings. The subsequent measurement of financial liabilities depends on their classification. On derecognition or exchange/modification of a financial liability, the difference in respect of the carrying amount is recognized in the consolidated statement of comprehensive income.

Accounts receivable

Accounts receivables are recognized at their original invoiced value. Appropriate loss allowances for estimated irrecoverable amounts are recognized in the consolidated statement of comprehensive income and are based on management's evaluation that the Group will not be able to recover its balances in full. Balances are written off in the year in which they are identified. IFRS 9 requires the Group to measure the expected credit losses. Trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles over a period of 36 months before or up to December 31, 2019 and the corresponding historical credit losses experienced within this period.

3. Summary of significant accounting policies, continued

Financial instruments, continued

Accounts receivable, continued

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (GDP), Consumer Price Index (CPI) and the unemployment rate of The Bahamas to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. On that basis, the loss allowance as at December 31, 2019 is outlined in note 5.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits with banks, short term bank overdrafts, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments

Investments are classified as fair value through profit or loss (FVTPL).

Investments classified as FVTPL include equity investments and debt securities. Equity investments classified as FVTPL are those that neither have objective of business model to hold them to collect contractual cash flows nor held to achieve an objective of collecting contractual cash flows and selling those investments. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

The fair value of investments classified as FVTPL that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For FVTPL investments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- NAV per share for investment funds
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

After initial measurement, FVTPL financial investments are subsequently measured at fair value with unrealized gains or losses recognized in the profit & loss. Interest earned whilst holding financial investments is reported as interest income, using the effective interest rate method.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

3. Summary of significant accounting policies, continued

Investments, continued

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on:

(1) Debt investments measured subsequently at amortised cost or at FVTOCI;

(2) Lease receivables;

(3) Trade receivables and contract assets; and

(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables.

Fair value measurement

The Group measures financial instruments, such as investments, and non-financial assets such as investment properties, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous and accessible market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

3. Summary of significant accounting policies, continued

Fair value measurement, continued

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from the prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

Financial liabilities

Financial liabilities issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The Group's financial liabilities consist of accounts payables and long term debt and are measured at amortized cost.

Long-term debt

Interest-bearing loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premium payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Share capital

Share capital issued by the Company is recorded at the proceeds received, net of direct issue costs.

Taxation

There is currently no taxation imposed on company profits or capital gains by the Government of The Bahamas. Effective January 1, 2015 the Value Added Tax Act, 2014 ("VAT") was implemented in the Commonwealth of The Bahamas. VAT is an indirect tax which is considered a broadly based consumption tax charged on the value added to goods and services. It applies to almost all goods and services that are imported, bought and sold for use or consumption. Conversely, goods exported supplied to customers abroad are exempted or zero-rated. Currently, VAT is assessed at 12%. The Company is a VAT registrant.

3. Summary of significant accounting policies, continued

Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

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

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).

A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Earnings per share

Basic earnings per share is computed by dividing the net income attributable to common shareholders by the weighted average number of shares outstanding during the year.

4. Significant accounting judgments, estimates and assumptions

In the application of the Group's accounting policies, which are described in Note 3, management and the directors are required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Significant accounting judgments, estimates and assumptions, continued

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property {refer to accounting policy note 3}, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive income. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Depreciation and amortization

Depreciation and amortization are based on management's estimates of the future useful life of property and equipment, and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions, and other factors and may result in changes in the estimated useful life and in the amortization or depreciation charges. The Group reviews the future useful life of property and equipment and intangible assets periodically taking into consideration the factors mentioned above and all other important factors.

Estimated useful life for similar types of assets may vary between different entities in the Group due to local factors as growth rate, maturity of the market, history, and expectations for replacements or transfer of assets, climate etc. In case of significant changes in the estimated useful lives, depreciation and amortization charges are adjusted prospectively.

Legal proceedings, claims, and regulatory discussions

The Company is involved in a legal matter, the outcome of which is subject to significant uncertainty. The Group evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Unanticipated events or changes in these factors may require the Group to increase or decrease the amount the Group has accrued for any matter, or accrue for a matter that has not been previously accrued because it was not considered probable or a reasonable estimate could not be made.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Group's management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

(Expressed in Bahamian dollars)

5. Accounts receivable, net

Accounts receivable, net is comprised of the following:

		2019	2018
Tenants receivable	$	696,094	489,311
Less: loss allowance		(539,060)	(358,301)
	$	157,034	131,010

The movement in loss allowance is as follows:

		2019	2018
Beginning balance	$	358,301	335,590
Increase in loss allowance		180,759	22,711
Ending balance	$	539,060	358,301

The loss allowance for trade receivables as at December 31 was determined as follows:

2019						
Aging		***30 and under***	***31 – 60***	***61 – 90***	***91+***	***Total***
Gross carrying amount -						
Trade receivables		100,527	38,098	18,409	539,060	696,094
Expected loss rate		0.0%	0.0%	0.0 %	100%	-
Loss allowance	$	–	–	–	539,060	539,060

2018						
Aging		***30 and under***	***31 – 60***	***61 – 90***	***91+***	***Total***
Gross carrying amount -						
Trade receivables		77,095	31,907	22,008	358,301	489,311
Expected loss rate		0.0%	0.0%	0.0 %	100%	-
Loss allowance	$	–	–	–	358,301	358,301

The Company uses an allowance matrix to measure the ECL on accounts receivable. Loss allowance rates are based on credit loss experience. These rates are multiplied by the scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. The scales factors used are Gross Domestic Product (GDP), Consumer Price Index (CPI) and the unemployment rate of the Bahamas of 1.7%, 2.4% and 0%, respectively (2018: 2.5%, 2.2%, -8.7%). No interest is charged on the outstanding balances.

(Expressed in Bahamian dollars)

6. Investments

Investments are classified as FVTPL and are comprise the following:

		2019	
		Cost	Fair value
Level 2			
FOCOL Pref 1.75 % APR	$	150,000	150,000
Colina Holdings (Bahamas) Ltd		14,577	35,777
Level 3			
CFAL Money Market Fund		288,431	304,683
	$	453,008	490,460

		2018	
		Cost	Fair value
Level 2			
FOCOL Pref 1.75 % APR	$	150,000	150,000
Colina Holdings (Bahamas) Ltd		14,577	35,777
Level 3			
CFAL Money Market Fund		380,594	394,351
	$	545,171	580,128

		2019	2018
CFAL Money Market Investment Fund Ltd.			
Opening balance	$	394,351	388,708
Purchases		4,300	7,500
Sales		(104,600)	(9,650)
Change in the fair value during the year		10,632	7,793
Balance, at end of year	$	304,683	394,351

7. Investment properties

Investment properties are comprised as follows:

		2019	2018
Plaza at John F. Kennedy Drive in Nassau	$	8,700,000	8,700,000
Plaza at East Mall Drive in Freeport		3,900,000	4,700,000
Plaza at Marsh Harbour, Abaco		60,000	120,000
	$	12,660,000	13,520,000

		2019	2018
Balance, at beginning of year	$	13,520,000	13,220,000
Additions during the year		-	97,548
Change in fair value		(860,000)	202,452
Balance, at end of year	$	12,660,000	13,520,000

(Expressed in Bahamian dollars)

7. Investment properties, continued

The property rental income earned by the Group from its investment properties amounted to $1,447,163 (2018 – $1,504,673). Direct operating expenses arising on the investment properties in the year amounted to $709,040 (2018 – $755,262). During the year 2019, renovations to property at John. F. Kennedy Drive of $nil (2018 $97,548) were capitalized.

In accordance with the Group's policies for the valuation of investment properties in intervening periods, the fair values of the properties as at December 31, 2019 were based on valuations performed by management using the Discounted Cash Flow Method ("DCF"). Significant unobservable inputs used in the valuations were as follows:

Valuation Techniques	Key Significant unobservable inputs	2019	2018
DCF	Estimated rental rate/sq.ft./p.a	$23.41 - $34.08	$19.45 - $29.4/sq. ft.
	Discount rate	9.25%-10.5%	9.25%-10.5%
	Rent growth p.a	3%	3%
	Expense inflation p.a	2%	3%
	Capitalization rate for terminal value	8.00% - 9.25%	9%
	Vacancy rate	5% - 44%	0.00% -8.00%

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. A market-derived discount rate is applied to establish the present value of the income streams associated with the property. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of the inflows and outflows are determined by events such as lease renewals, and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of property. Periodic cash flows are typically estimated as gross rental income less vacancy, non-recoverable expenses, maintenance and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase, construct or develop investment property for repair, maintenance and enhancement.

(Expressed in Bahamian dollars)

8. Property and equipment

The movement in property and equipment is as follows:

		Furniture, fixtures and equipment	Leasehold improvements	Vehicles	Total
Cost or valuation:					
Balance at December 31, 2017	$	325,673	30,000	39,905	395,578
Additions		1,708	-	-	1,708
Balance at December 31, 2018	$	327,381	30,000	39,905	397,286
Additions		14,270	-	-	14,270
Balance at December 31, 2019	$	341,651	30,000	39,905	411,556
Accumulated depreciation:					
Balance at December 31, 2017	$	310,488	30,000	32,539	373,027
Charge for the year		8,803	-	2,520	11,323
Balance at December 31, 2018	$	319,291	30,000	35,059	384,350
Charge for the year		7,675	-	2,539	10,214
Balance at December 31, 2019	$	326,966	30,000	37,598	394,564
Carrying amount:					
Balance at December 31, 2019	$	14,685	-	2,307	16,992
Balance at December 31, 2018	$	8,090	-	4,846	12,936

9. Right of use asset and lease liability

The Group has initially applied IFRS 16 from January 1, 2019. Under IFRS 16, leases are accounted for based on a 'right-of-use model'. The model reflects that, at the commencement date, a lessee has a financial obligation to make lease payments to the lessor for its right to use the underlying asset during the lease term. Upon lease commitment a Lessees recognizes 'Right to Use Asset' and 'Lease liability'.

The right to use asset is initially measured at the amount of lease liability plus any direct cost incurred by the lessees. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rates implicit in the lease. The rate used by the Group is 6% for a period of five years.

Right to use asset is presented as follows:

		2019
Balance at January 1	$	136,458
Depreciation charge for the year		(27,292)
Balance at December 31	$	109,166

(Expressed in Bahamian dollars)

9. Right of use asset and lease liability, continued

As at December 31, 2019, the future minimum lease payments under operating lease were payable as follows:

		2019
Maturity analysis – Contractual undiscounted cash flows		
Less than one year	$	31,500
Between one to five years		94,500
Total undiscounted lease liabilities at 31 December	$	126,000

Lease liabilities included in the consolidated statement of financial position at 31 December	$	112,332
Less than one year	$	25,614
Between one to five years		86,718

Amount recognized in profit or loss

Depreciation - right of use asset	$	27,292
Interest on lease liability		7,374

Amount recognized in statement of cash flows

Total cash outflows for lease	$	31,500

10. Accounts payable and accrued expenses

Accounts payable and accrued expenses are as follows:

		2019	2018
Other payables	$	87,116	76,557
Accrued expenses		63,465	47,620
	$	150,581	124,177

11. Long-term debt

		2019	2018
Colina Mortgage Corporation Ltd.	$	2,031,633	2,321,357
Less: amounts due after one year		(1,715,261)	(2,031,633)
Current portion of long term debt	$	316,372	289,724

(Expressed in Bahamian dollars)

11. Long-term debt, continued

Principal amounts due on the above-noted loans are as follows:

		2019	2018
On demand or within one year	$	316,372	289,724
In the second year		346,485	316,372
In the third year		378,987	346,485
In the fourth year		414,539	378,987
Fifth year and after		575,250	989,789
	$	2,031,633	2,321,357

In March 2010, the Group obtained a loan from Colina Mortgage Corporation Ltd. ("CMCO"), a wholly-owned subsidiary of Colina Insurance Limited. This demand installment loan is repayable by 182 regular blended monthly payments of $37,528, which commenced in April, 2010. The loan bears a fixed interest charge at a rate of 9.00% per annum.

In April 2012, the Group obtained another loan from CMCO to fund its renovations on its property in Freeport. This loan bears a fixed interest charge at the rate of 9.00% per annum and repayable in 154 monthly installments of $3,038 starting May 2012.

CMCO's loan facility is secured as follows:

Floating charge debenture stamped for $3,700,000 with power to up stamp giving CMCO a fixed and floating charge over all business assets, incorporating a first legal mortgage over the Marsh Harbour, Abaco, Freeport, Grand Bahama, and JFK Drive, New Providence properties.

Assignment of fire and other perils insurance on the business assets including property, furniture, fixtures, and equipment for full replacement value.

12. Share capital

Share capital is comprised as follows:

		2019	2018
Authorized:			
10,000,000 (2018 10,000,000) Ordinary shares of B$0.01 each	$	100,000	100,000
Issued and fully paid:			
9,617,200 (2018 9,639,899)	$	96,173	96,400

During the year, the Company repurchased and cancelled 22,699 shares (2018: 24,300) ordinary shares at an average price of $0.43per share (2018: $0.44) for a total cost of $9,720 (2018 - $10,676).

13. Other income

Other income comprises the following:

		2019	2018
Dividend income	$	10,278	10,278
Reversal of account payables		-	13,914
	$	10,278	24,192

(Expressed in Bahamian dollars)

14. Finance costs

Finance costs for the year are as follows:

		2019	2018
Interest on long term debt	$	197,074	221,921
Bank charges		1,712	1,814
Interest on leased liability		7,374	-
	$	206,160	223,735

15. Earnings per share

The calculation of the earnings per share attributable to the equity holders of the Group is based on the following data:

		2019	2018
Net (loss)/ income, net			
Net (loss) income for the purpose of basic and diluted earnings per share	$	(639,626)	631,588
Number of shares			
Weighted average number of equity shares for the purposes of basic and diluted earnings per share		9,617,200	9,639,899

There were no potentially dilutive equity shares at the end of the year consequently the basic and diluted earnings per share are equal.

16. Rental income

Property rental income earned during the year was $1,447,163 (2018 – $1,504,673). At the date of the consolidated statement of financial position, the future minimum lease payments are as follows:

		2019	2018
Within one year	$	564,506	824,661
In second to fifth year inclusive		1,939,273	1,015,010
	$	2,503,779	1,839,671

17. Related party balances and transactions

The Group has identified the following related-party relationships:

- Majority shareholder
- Other entities/affiliates
- Details of balances and transactions between the Group and other related parties are disclosed below:

(Expressed in Bahamian dollars)

17. Related party balances and transactions, continued

		2019	2018
Related party balances			
Accounts payable and accrued liabilities	$	46,564	48,033
Investments (Note 6)		340,460	430,128
Long-term debt (Note 11)		2,031,633	2,321,357
Right of use asset (Note 9)		109,166	-
Leased liability (Note 9)		112,332	-
Related party transactions			
Interest on long term debt (Note 14)	$	197,074	221,921
Realized gains on sale of investments		-	147
Administrative expenses		279,485	281,158
Depreciation charge – leased asset (Note 9)		27,292	-
Interest expense (Note 9)		7,374	-
Compensation of key management personnel			
Salaries, directors' fees and professional fees	$	204,166	204,752
National insurance and other insurance		10,650	10,333
Other allowances		11,500	14,474

The affiliated companies include Colina Financial Advisors Ltd, Colina General Insurance Agency, The Contact Center, Bahamas Central Security Depository and Alexiou Knowles & Co.

18. Fair value of financial assets and liabilities

The directors are of the opinion that the fair value of the financial assets and financial liabilities of the Group approximate their carrying value as reported in these consolidated financial statements either due to their short term nature or because they bear interest at rates, which approximate market rates.

In management's opinion, the fair value of financial assets and liabilities (cash, receivables, other assets, payables, and other liabilities) at the date of the consolidated statement of financial position were not materially different from their carrying values.

19. Risk management

Financial Risk Management

Cash Flow and Fair Value Interest Rate Risk

Cash flow risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effect of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. Interest margins may increase or decrease as a result of such changes.

(Expressed in Bahamian dollars)

19. Risk management, continued

Financial Risk Management, continued

Credit Risk

Credit risk arises from the failure of counterparties to perform according to the terms of the contract. From this perspective, the Group's credit risk exposure is primarily concentrated in its deposits, investments and its accounts receivable. The Group manages this risk by placing its deposits with a high-quality financial institution.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties.

The following table demonstrates the significant assets with credit risk exposure for the Group:

		2019	2018
Cash and cash equivalents	$	121,513	116,066
Accounts receivable, net		157,034	131,010
Investments		490,460	580,128

Interest Rate Risk

Interest rate risk is the risk that a financial instrument may fluctuate significantly as a result of changes in market interest rates. The Group is exposed to interest rate risk from its long term debt. The Group's exposure to interest rate risk on its investments is immaterial. The Group manages this risk by mainlining tenant base to provide sufficient rental income for the loan interest and principal repayments.

Fair value sensitivity analysis for fixed rate financial instruments

The Group does not account for any financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not impact profit or loss.

Real Estate Risk

Real estate risk is the probability that a major tenant may become insolvent causing a significant loss of rental income and reduction in the investment property value. Management manages this risk by considering the financial status and professional reputation of prospective tenants. This information is used to determine the appropriate level of security required, if any. .

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The Group has exposure to liquidity risk and its objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. Details of the Group's exposure to liquidity risk are disclosed throughout the notes to the consolidated financial statements.

Capital Management

The primary objective of the Group's capital management is to ensure that it remains within its quantitative banking covenants and maintain a strong credit rating. No changes were made in the objectives, policies or processes during the years ending December 31, 2019 and December 31, 2018.

19. Risk management, continued

Financial Risk Management, continued

Capital Management, continued

During the period, the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

20. Contingency

The Company is a defendant in an action which originated in 2018, whereby plaintiff filed a claim against the Company for the injuries sustained at the Company's property. The Company had filed for a stay which remains in place until the Plaintiff is seen by a medical expert. To date the Company has not received any medical records and/or medical evaluation from the plaintiff to support the assertion made in the claim. The statement of claim filed does not include the amount claimed. Without the medical report, the Company's attorney and management is not able to determine the amount of damages or the probability of the outcome of the claim.

Accordingly, no provision has been made in these financial statements in respect of this matter.

21. Events after the reporting period

The spread of coronavirus ("COVID-19") around the world in the first quarter of 2020 has caused significant volatility in The Bahamas as well as the global community. A lot of uncertainty remains and so it is difficult to determine the precise impact on the Group. The long term effects of this pandemic cannot be ascertained at this stage and will depend on events unfolding in the World, which in turn will affect the Bahamian economy and consequently will also affect the Group.

Management and directors have performed subsequent analysis on the Group's consolidated financial statements as well as reviewing any going concern issues as a result of this situation. Based on the analysis, the Group anticipates a negative impact on its 2020 cashflow, revenue and net income but it is not expected to give rise to any material adjustments or a business going concern.

In August 2020, the Group received insurance settlement of $152,000 and $373,000 for Abaco's property and Freeport's property due to Dorian respectively.

In August 2020, redundancy payment of $117,000 was made to the Director.

contact information

Colina Real Estate Fund Ltd.
308 East Bay Street
P.O. Box EE-17203
Nassau, New Providence
The Bahamas

T 242.396.7202

COLINA
REAL ESTATE FUND LTD.