

**EASTERN CARIBBEAN CENTRAL SECURITIES
DEPOSITORY LIMITED**

Financial Statements

March 31, 2019



EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of
EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eastern Caribbean Central Securities Depository Limited (“the Company”), which comprise the statement of financial position as at March 31, 2019, the statements of profit or loss and other comprehensive income, changes in shareholder’s equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019, and its financial performance and its 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Eastern Caribbean, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT, continued

To the Shareholder of
EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 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 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 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.



INDEPENDENT AUDITORS' REPORT, continued

To the Shareholder of
EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Auditors' Responsibilities for the Audit of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

A handwritten signature in black ink that reads 'KPMG' in a stylized, cursive font.

Chartered Accountants
July 24, 2019

St. John's, Antigua

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

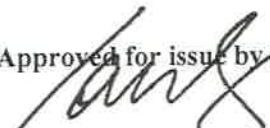
Statement of Financial Position

March 31, 2019

(Expressed in Eastern Caribbean Dollars)

	<u>Notes</u>		<u>2019</u>	<u>2018</u>
Assets				
Current Assets				
Cash and Cash Equivalents	6	\$	3,639,881	3,598,594
Accounts Receivable and Other Assets	7		39,166	87,163
Total Current Assets			<u>3,679,047</u>	<u>3,685,757</u>
Non-current Assets				
Intangible Assets	9		232,875	293,625
Due from Parent Company	8		140,694	-
Total Non-current Assets			<u>373,569</u>	<u>293,625</u>
Total Assets		\$	<u>4,052,616</u>	<u>3,979,382</u>
Liabilities and Shareholder's Equity				
Current Liabilities				
Accruals		\$	-	5,278
Deferred Income	10		1,750	3,750
Escrow Funds	11		3,626,619	3,591,040
Total Current Liabilities			<u>3,628,369</u>	<u>3,600,068</u>
Non-current Liabilities				
Due to Related Party	8		418,700	412,700
Due to Parent Company	8		-	30,229
Total Non-current Liabilities			<u>418,700</u>	<u>442,929</u>
Total Liabilities			<u>4,047,069</u>	<u>4,042,997</u>
Shareholder's Equity				
Share Capital	12		2,220,000	2,220,000
Accumulated Deficit			(2,214,453)	(2,283,615)
Total Shareholder's Equity/(Deficiency)			<u>5,547</u>	<u>(63,615)</u>
Total Liabilities and Shareholder's Equity		\$	<u>4,052,616</u>	<u>3,979,382</u>

Approved for issue by the Board of Directors on July 24, 2019 and signed on its behalf by:


 Mr. Timothy N. J. Antoine
 Chairman


 Mr. Trevor E. Blake
 Managing Director

The notes on pages 8 to 21 are an integral part of these financial statements.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Statement of Profit or Loss and Other Comprehensive Income

Year ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Income			
Transaction Fees	\$	192,984	243,625
Membership Fees		17,000	17,000
Primary Market Income		228,400	-
Total Income		438,384	260,625
General and Administrative Expenses			
Compensation Costs		170,211	180,849
Amortisation	9	60,750	60,750
Administrative Expenses		50,017	52,122
Software Maintenance		72,319	45,778
Legal and Professional Costs		9,334	5,373
Staff Training		833	1,311
Promotional Activities		5,758	7,282
Total General and Administrative Expenses		369,222	353,465
Net Profit/(Loss), being Total Comprehensive Profit/(Loss) for the Year	\$	69,162	(92,840)

The notes on pages 8 to 21 are an integral part of these financial statements.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Statement of Changes in Shareholder's Equity

Year ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

	<u>Share Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance as at March 31, 2017	\$ 2,220,000	(2,190,775)	29,225
Net loss, being total comprehensive loss for the year	<u>-</u>	<u>(92,840)</u>	<u>(92,840)</u>
Balance as at March 31, 2018	2,220,000	(2,283,615)	(63,615)
Net profit, being total comprehensive income for the year	<u>-</u>	<u>69,162</u>	<u>69,162</u>
Balance as at March 31, 2019	\$ <u>2,220,000</u>	<u>(2,214,453)</u>	<u>5,547</u>

The notes on pages 8 to 21 are an integral part of these financial statements.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Statement of Cash Flows

Year ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities			
Net profit/(loss) for the year	\$	69,162	(92,840)
Adjustment for amortisation	9	60,750	60,750
Operating profit/(loss) before working capital changes		129,912	(32,090)
Changes in:			
Accounts receivable and other assets		47,997	(3,357)
Accruals		(5,278)	5,278
Deferred income		(2,000)	2,500
Escrow funds		35,579	35,230
Net cash from operating activities		206,210	7,561
Cash flows from financing activities			
Change in due from parent company		(140,694)	-
Change in due to related party		6,000	6,591
Change in due to parent company		(30,229)	27,547
Net cash (used in)/from financing activities		(164,923)	34,138
Increase in cash and cash equivalents during the year		41,287	41,699
Cash and cash equivalents at the beginning of the year		3,598,594	3,556,895
Cash and cash equivalents at the end of the year	\$	3,639,881	3,598,594

The notes on pages 8 to 21 are an integral part of these financial statements.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements

March 31, 2019

(Expressed in Eastern Caribbean Dollars)

1. Incorporation and Principal Activity

The Eastern Caribbean Central Securities Depository Limited (the “Company”) was incorporated as a public limited company on August 2, 2001 under the provisions of the Companies Act (No. 22 of 1996) of the laws of St. Christopher and Nevis. The registered office is situated at Bird Rock, Basseterre, St. Kitts.

The Company is a wholly-owned subsidiary of Eastern Caribbean Securities Exchange Limited (“ECSE”).

The principal activity of the Company is the provision of central securities depository services, including the post-trade clearing and settling of securities market transactions and other ancillary securities market activities.

2. Basis of Preparation

(a) *Statement of Compliance:*

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies adopted in the preparation of these financial statements have been applied consistently to all periods presented in the financial statements except as otherwise stated and are set out below.

The financial statements were authorised for issue by the Board of Directors on July 24, 2019.

(b) *Basis of Measurement:*

These financial statements have been prepared on the historical cost basis.

(c) *Functional and Presentation Currency:*

The financial statements are presented in Eastern Caribbean Dollars, which is the Company’s functional currency, rounded to the nearest dollar.

(d) *Use of Judgements and Estimates:*

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimates are revised and in any future periods affected.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements (*cont'd*)

March 31, 2019

(Expressed in Eastern Caribbean Dollars)

3. Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below.

(a) *Cash and Cash Equivalents:*

Cash and cash equivalents represent cash at bank as well as escrow funds with an original maturity date of three months or less. Cash and cash equivalents are carried at amortised cost.

(b) *Accounts Receivable:*

Accounts receivable are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Loss allowance for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the credit losses that result from all possible default events over the expected life of the financial asset. As at March 31, 2019, the Company is expected to collect all of its accounts receivable.

(c) *Intangible Assets:*

Intangible assets are identifiable non-monetary assets without physical substance. These are measured at cost less accumulated amortisation and any accumulated impairment losses.

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Capitalised costs are amortised on the straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date and, if necessary, adjusted.

The estimated useful lives of computer software range from five (5) to seven (7) years.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements (*cont'd*)

March 31, 2019

(Expressed in Eastern Caribbean Dollars)

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

(d) *Accounts Payable and Accruals:*

Accounts payable and accruals are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

(e) *Provisions:*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(f) *Revenue:*

The Company principally derives its revenue from the rendering of services. Revenue is recognised when the amount of revenue can be measured reliably and is probable that the economic benefits associated with the transaction will flow to the Company. It is measured at the fair value of consideration received or receivable, excluding trade discounts. The Company's revenue is recognised at a point in time.

(g) *Taxation:*

By letter dated May 27, 2003, the ECSE and its subsidiary companies (the "Group") were granted a ten (10) year tax holiday (Corporation and other taxes).

On May 24, 2012, the Group made application for a further ten (10) year tax holiday.

The matter is still before the Government of St. Christopher and Nevis.

4. Change in accounting policies

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning January 1, 2018 and have been applied in preparing these financial statements. None of these had a significant effect on the financial statements as disclosed below.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements (*cont'd*)

March 31, 2019

(Expressed in Eastern Caribbean Dollars)

4. Change in accounting policies (*cont'd*)

(a) *New standards, amendments and interpretations mandatory for the first time for the financial year:*

IFRS 9 Financial Instruments

In 2014, the IASB issued IFRS 9, *Financial Instruments* replacing IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets, a forward-looking 'expected credit loss' model ("ECL model") for assessing the impairment of financial assets and a new general hedge accounting model. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and has therefore been applied by the Company from April 1, 2018.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The adoption of IFRS 9 did not have a material impact on the Company's financial statements, apart from additional disclosures in this regard.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements (*cont'd*)

March 31, 2019

(*Expressed in Eastern Caribbean Dollars*)

4. Change in accounting policies (*cont'd*)

- (a) *New standards, amendments and interpretations mandatory for the first time for the financial year (cont'd)*

The table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at April 1, 2018.

	Classification under IAS 39	Classification under IFRS 9	Carrying Amount under IAS 39	Carrying Amount under IFRS 9
Financial Assets				
Cash and cash equivalents	Loans and receivables	Amortised cost	3,598,594	3,598,594
Accounts receivable	Loans and receivables	Amortised cost	86,350	86,350
Total Financial Assets			3,684,944	3,684,944
Financial Liabilities				
Accruals	Amortised cost	Amortised cost	5,278	5,278
Deferred income	Amortised cost	Amortised cost	3,750	3,750
Escrow funds	Amortised cost	Amortised cost	3,591,040	3,591,040
Due to related parties	Amortised cost	Amortised cost	442,929	442,929
Total Financial Liabilities			4,042,997	4,042,997

As shown above the only impact is the reclassification of the financial assets from the loans and receivables category to amortised cost. This had no impact on the measurement of these financial assets.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements (*cont'd*)

March 31, 2019

(Expressed in Eastern Caribbean Dollars)

4. Change in accounting policies (*cont'd*)

(a) *New standards, amendments and interpretations mandatory for the first time for the financial year (cont'd)*

IFRS 15 Revenue from Contracts with Customers

On April 1, 2018, the Company adopted IFRS 15 *Revenue from Contracts with Customers* as issued in May 2014. IFRS 15 defines principles for recognising revenue and is applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases continues to fall outside the scope of IFRS 15 and is regulated by the other applicable standards (e.g. IFRS 9 and IFRS 16 *Leases*).

Revenue under IFRS 15 must be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and corresponding cash flows with customers.

The adoption of IFRS 15 did not impact the timing or amount of income from contracts with customers and the related assets and liabilities recognised by the Company.

(b) *Standards, amendments and interpretations issued but not yet effective*

New standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company are as follows:

- IFRS 16 *Leases* – effective January 1, 2019
- IFRIC 23 *Uncertainty over Income Tax Treatments* – effective January 1, 2019
- Annual improvements to IFRS Standards 2015 – 2017 Cycle various standards – effective January 1, 2019
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation – effective January 1, 2019
- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement – effective January 1, 2019
- Amendments to IFRS 3 - Definition of a Business – effective January 1, 2020
- Amendments to References to Conceptual Framework in IFRS Standards – effective January 1, 2020
- Amendments to IAS 1 and IAS 8 - Definition of Material - effective January 1, 2020

None of these are expected to have a significant effect on the financial statements of the Company in the period of adoption. Further information on IFRS 16 is provided below.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements (*cont'd*)

March 31, 2019

(Expressed in Eastern Caribbean Dollars)

4. Change in accounting policies (*cont'd*)

(b) Standards, amendments and interpretations issued but not yet effective (*cont'd*)

IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company is assessing the expected impact of this standard on its 2020 financial statements.

5. Financial Instruments

(a) *Recognition, initial measurement and derecognition:*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss, for which transaction costs are recognised in profit or loss as incurred. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(b) *Non-derivative financial assets – Classification and subsequent measurement - Policy applicable from April 1, 2018*

The Company classifies its financial assets into the amortised cost category.

Financial assets measured at amortised cost

The Company's non-derivative financial assets measured at amortised cost comprise cash and cash equivalents, accounts receivable and due from related companies. The Company measures these assets at amortised cost as its business model is to hold them to collect contractual cash flows and the contractual terms give rise to the receipt of principal and interest on specified dates. These financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by allowances for impairment.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements (*cont'd*)

March 31, 2019

(Expressed in Eastern Caribbean Dollars)

5. Financial Instruments (*cont'd*)

(b) Non-derivative financial assets – Classification and subsequent measurement - Policy applicable before April 1, 2018

Financial assets were previously classified as loans and receivables upon initial recognition. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. The Company's cash and cash equivalents and accounts receivable fall into this category of financial instruments.

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific party will default.

All income and expenses relating to financial assets are recognised in profit or loss.

(c) Non-derivative financial liabilities – Classification and subsequent measurement

Financial liabilities are classified and measured at amortised cost. Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. These financial liabilities comprise of accruals, deferred income, escrow funds and due to related parties.

The Company does not engage in any significant transactions which are speculative in nature.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements (*cont'd*)

March 31, 2018

(Expressed in Eastern Caribbean Dollars)

5. Financial Instruments (*cont'd*)

Financial Risk Management

(i) *Interest Rate Risk Exposure:*

The Company does not have any significant exposure to interest rate risk.

(ii) *Credit Risk Exposure:*

Credit risk arises from the possibility that counterparties may default on their obligations to the Company. The maximum credit risk exposure of financial assets recognised in the statement of financial position is represented by the carrying amounts of the financial assets.

Concentration of credit risk exists if a number of clients are engaged in similar activities or are located in the same industry sector or have similar economic characteristics such that their ability to meet contractual obligations would be similarly affected in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Management does not believe that the concentration is unusual or provides undue risks.

(iii) *Fair Value:*

Fair value amounts represent the approximate values at which financial instruments could be exchanged in current transactions between willing parties. However, many of the financial instruments lack an available trading market and therefore, it is not possible to determine independently the estimated fair values. The fair values of financial instruments are considered to approximate their book values.

All non-financial instruments are excluded from fair value disclosure and accordingly, the total fair value amounts cannot be aggregated to determine the underlying value of the Company.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements (*cont'd*)

March 31, 2019

(Expressed in Eastern Caribbean Dollars)

5. Financial Instruments (*cont'd*)

Financial Risk Management (*cont'd*)

(iv) *Liquidity Risk:*

In order to manage liquidity risk, management seeks to maintain sufficient levels of cash and cash equivalents to meet reasonable expectations of its short term obligations.

The table below analyses the company's financial assets into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date:

	<u>Due within</u> <u>1 Year</u>	<u>Over 5 Years</u>	<u>Total</u>
Financial Assets			
Year ended March 31, 2019			
Cash and cash equivalents	\$ 3,639,881	-	3,639,881
Due from parent company	-	140,694	140,694
Accounts receivable	38,353	-	38,353
	<u>\$ 3,678,234</u>	<u>140,694</u>	<u>3,818,928</u>
Year ended March 31, 2018			
Cash and cash equivalents	\$ 3,598,594	-	3,598,594
Accounts receivable	86,350	-	86,350
	<u>\$ 3,684,944</u>	<u>-</u>	<u>3,684,944</u>

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

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements (cont'd)

March 31, 2019

(Expressed in Eastern Caribbean Dollars)

5. Financial Instruments (cont'd)

Financial Risk Management (cont'd)

(iv) Liquidity Risk: (cont'd)

Financial Liabilities	<u>Due within 1 Year</u>	<u>Over 1 year</u>	<u>Total</u>
Year ended March 31, 2019			
Escrow funds	\$ 3,626,619	-	3,626,619
Due to related party	-	418,700	418,700
Due to parent company	-	-	-
Deferred income	1,750	-	1,750
	<u>\$ 3,628,369</u>	<u>418,700</u>	<u>4,047,069</u>
Year ended March 31, 2018			
Escrow funds	\$ 3,591,040	-	3,591,040
Due to related party	-	412,700	412,700
Due to parent company	-	30,229	30,229
Accruals	5,278	-	5,278
Deferred income	3,750	-	3,750
	<u>\$ 3,600,068</u>	<u>442,929</u>	<u>4,042,997</u>

(v) Capital Management:

The Company's policy is to maintain a strong capital base to encourage investor, creditor and market confidence, and to sustain future development of the business. There were no changes to the way in which the Company manages its capital during the year.

6. Cash and Cash Equivalents

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Escrow funds	11	\$ 3,626,619	3,591,040
Cash at bank		13,262	7,554
		<u>\$ 3,639,881</u>	<u>3,598,594</u>

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements (cont'd)

March 31, 2019

(Expressed in Eastern Caribbean Dollars)

7. Accounts Receivable and Other Assets

	2019	2018
Accounts receivable	\$ 38,353	86,350
Prepayments	813	813
	<u>\$ 39,166</u>	<u>87,163</u>

As at March 31, 2019, the aging of accounts receivable was as follows:

		Total	Neither Past Due nor Impaired	Past Due but not Impaired	
				30 to 90 days	Over 90 days
2019	\$	<u>38,353</u>	<u>38,353</u>	<u>-</u>	<u>-</u>
2018	\$	<u>86,350</u>	<u>24,607</u>	<u>44,051</u>	<u>17,692</u>

8. Related Party Balances and Transactions

(a) *Due to Related Party:*

The amount of \$418,700 (2018: \$412,700) due to the Eastern Caribbean Central Securities Registry represents advances made on behalf of the Eastern Caribbean Central Securities Depository to finance costs associated with the development of a new Central Securities Depository application. The amount is unsecured, interest free and has no fixed settlement dates.

(b) *Due from (to) Parent Company:*

The amount due from (to) the Eastern Caribbean Securities Exchange represents the net of, income collected and expenses paid on behalf of the Company. These amounts are unsecured, interest free and has no fixed settlement date.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements (cont'd)

March 31, 2019

(Expressed in Eastern Caribbean Dollars)

8. Related Party Balances and Transactions (cont'd)

(c) *Key Management Personnel Compensation:*

The salaries, fees and benefits paid to key management personnel of the Company during the year amounted to \$77,308 (2018: \$79,766). The following is an analysis of these amounts:

	2019	2018
Salaries and other short-term employee benefits	\$ 68,382	70,998
Post-employment benefits	8,926	8,768
Total Key Management Compensation	\$ 77,308	79,766

During the year under review, the Eastern Caribbean Central Bank provided certain professional and other services at no cost to the Company.

9. Intangible Assets

	2019	2018
Computer Software:		
Cost at beginning of year	\$ 405,000	796,855
Disposals during the year	-	(391,855)
Cost at end of year	405,000	405,000
Accumulated amortisation – beginning of the year	111,375	442,480
Charge for the year	60,750	60,750
Disposal	-	(391,855)
Accumulated amortisation – end of the year	172,125	111,375
Net Book Value	\$ 232,875	293,625

10. Deferred Income

Deferred income represents advanced payments from customers in relation to membership fees received but not yet earned.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements (*cont'd*)

March 31, 2019

(*Expressed in Eastern Caribbean Dollars*)

11. Escrow Funds

	2019	2018
Escrow funds	\$ 3,626,619	3,591,040

The Escrow Funds liability represents dividends, interest and maturity payments which are withheld for charged/pledged accounts and at the request of the Court and Judicial Managers. (See Note 6).

12. Share Capital

	2019	2018
Authorised:		
2,000,000 Ordinary Shares of \$10 each	\$ 20,000,000	20,000,000
Issued:		
222,000 (2018: 222,000) Shares of \$10 each	\$ 2,220,000	2,220,000

13. Additional Financial Support

The Eastern Caribbean Central Bank gave the following undertaking and guarantee in respect of the Eastern Caribbean Securities Exchange Limited, a Public Limited Company registered under the Laws of Saint Christopher and Nevis, West Indies:

- Guarantee cover in the event of a budgeted shortfall in respect of Eastern Caribbean Securities Exchange Limited and its wholly-owned subsidiary companies for the fiscal year ending March 31, 2020, but not to exceed \$2,000,000.

The above undertaking and guarantee will be reviewed at March 31, 2020 and are irrevocable before this date.

14. Contingent Liabilities and Capital Commitments

The Company had no capital commitments as at March 31, 2019 (2018: nil). Amounts due to suppliers as at March 31, 2019 is nil (2018: nil).