

**EASTERN CARIBBEAN CENTRAL SECURITIES
DEPOSITORY LIMITED**

Financial Statements

March 31, 2020



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, 2020, 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, 2020, 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 International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together 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 and the IESBA Code. 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'.

Chartered Accountants
July 29, 2020

St. John's, Antigua

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED


Statement of Financial Position

March 31, 2020


(Expressed in Eastern Caribbean Dollars)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Assets			
Current Assets			
Cash and Cash Equivalents	6	\$ 50,697,384	3,639,881
Accounts Receivable and Other Assets	7	395,138	39,166
Total Current Assets		51,092,522	3,679,047
Non-current Assets			
Intangible Assets	9	344,250	232,875
Right-of-use Asset	10	403,128	-
Due from Parent Company	8	2,322,585	140,694
Total Non-current Assets		3,069,963	373,569
Total Assets		\$ 54,162,485	4,052,616
Liabilities and Shareholder's Equity			
Current Liabilities			
Lease Liability	10	\$ 72,768	-
Accruals		2,681	-
Deferred Income	11	97,066	1,750
Escrow Funds	12	3,662,551	3,626,619
Shareholder Payable		48,705,681	-
Total Current Liabilities		52,540,747	3,628,369
Non-current Liabilities			
Due to Related Party	8	-	418,700
Lease Liability	10	334,787	-
Total Non-current Liabilities		334,787	418,700
Total Liabilities		52,875,534	4,047,069
Shareholder's Equity			
Share Capital	13	4,040,000	2,220,000
Accumulated Deficit		(2,753,049)	(2,214,453)
Total Shareholder's Equity		1,286,951	5,547
Total Liabilities and Shareholder's Equity		\$ 54,162,485	4,052,616

Approved for issue by the Board of Directors on July 29, 2020 and signed on its behalf by:



 Mr. Timothy N. J. Antoine
 Chairman



 Mr. Trevor E. Blake
 Managing Director
The notes on pages 8 to 22 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, 2020

(Expressed in Eastern Caribbean Dollars)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Income			
Transaction Fees	\$	444,251	192,984
Membership Fees		17,000	17,000
Primary Market Income		290,400	228,400
Interest Income		55,595	-
Registry Income		1,284,292	-
Corporate Action Income		328,792	-
Total Income		2,420,330	438,384
General and Administrative Expenses			
Compensation Costs		1,138,807	170,211
Amortisation	9	121,500	60,750
Depreciation of Right-of-use Asset	10	57,590	-
Administrative Expenses		332,542	50,017
Software Maintenance		135,291	72,319
Legal and Professional Costs		53,112	9,334
Staff Training		1,468	833
Promotional Activities		62,482	5,758
Interest Expense	10	9,837	-
Provision for expected credit losses on financial assets	7	7,160	-
Total General and Administrative Expenses		1,919,789	369,222
Net Profit, being Total Comprehensive Income for the Year	\$	500,541	69,162

The notes on pages 8 to 22 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, 2020

(Expressed in Eastern Caribbean Dollars)

	<u>Share Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance as at April 1, 2018	\$ 2,220,000	(2,283,615)	(63,615)
Net profit, being total comprehensive income for the year	-	69,162	69,162
Balance as at March 31, 2019	\$ 2,220,000	(2,214,453)	5,547
Net profit, being total comprehensive income for the year	-	500,541	500,541
Transfer from ECCSR	1,820,000	(1,039,137)	780,863
Balance as at March 31, 2020	\$ 4,040,000	(2,753,049)	1,286,951

The notes on pages 8 to 22 are an integral part of these financial statements.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Statement of Cash Flows

Year ended March 31, 2020

(Expressed in Eastern Caribbean Dollars)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		\$ 500,541	69,162
Net profit for the year			
Adjustments for:			
Provision for expected credit losses on financial assets	7	7,160	-
Bad debt expense		300	-
Interest expense on lease liability	10	9,837	-
Interest income		(55,595)	-
Depreciation of right-of-use asset	10	57,590	-
Amortisation of intangible assets	9	121,500	60,750
Operating profit before working capital changes		641,333	129,912
Changes in:			
Accounts receivable and other assets		(252,044)	47,997
Accruals		2,681	(5,278)
Deferred income		38,131	(2,000)
Escrow funds		35,932	35,579
Shareholder's payable		23,250,814	-
Interest received		54,578	-
Net cash from operating activities		23,771,425	206,210
Cash flows from financing activities			
Change in due from parent company		(3,361,474)	(140,694)
Change in due to related party		-	6,000
Change in due to parent company		-	(30,229)
Interest paid - lease liability	10	(9,837)	-
Repayment of lease liability principal	10	(53,163)	-
Net cash used in financing activities		(3,424,474)	(164,923)
Increase in cash and cash equivalents during the year		\$ 20,346,951	41,287
Cash and cash equivalents transferred from ECCSR	13	26,710,552	-
Cash and cash equivalents at the beginning of the year		3,639,881	3,598,594
Cash and cash equivalents at the end of the year		\$ 50,697,384	3,639,881

The notes on pages 8 to 22 are an integral part of these financial statements.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements

Year ended March 31, 2020

(Expressed in Eastern Caribbean Dollars)

1. Incorporation and Principal Activity

The Eastern Caribbean Central Securities Depository Limited (“the Company” or “ECCSD”) 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. The ECCSD also electronically maintains the records of securities on behalf of issuers, which may include listed and non-listed public companies, government related entities, private companies, and individual security holders within the region.

On May 7, 2019, the Eastern Caribbean Securities Exchange Limited, in its capacity as sole shareholder passed a special resolution to summarily wind up the Eastern Caribbean Central Securities Registry Limited (ECCSR) and continue its securities registry operations under the Eastern Caribbean Central Securities Depository Limited. This process was completed during the year.

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 29, 2020.

(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

Year ended March 31, 2020

(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, 2020, 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.

(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.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements

Year ended March 31, 2020

(Expressed in Eastern Caribbean Dollars)

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

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

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following are relevant to its operations:

IFRS 16, 'Leases', (effective for accounting periods beginning on or after January 1, 2019). In January 2016, the IASB published IFRS 16, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Further, an interest expense on the lease liability and depreciation on the right-of-use asset will be presented in the statement of profit or loss. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements

Year ended March 31, 2020

(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 16, "Leases" (cont'd)

The Company has initially applied IFRS 16 *Leases* from April 1, 2019. A number of other new standards are also effective from January 1, 2019, but they do not have a material effect on the Company's financial statements. The adoption of IFRS 16 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

The Company applied IFRS 16 using the modified retrospective approach, under which the right-of-use assets are equivalent to the lease liabilities, thereby no adjustment was recognised in retained earnings at April 1, 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

- (a) *Definition of a lease*

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*, issued by IFRS Interpretations Committee (IFRIC). The Company now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after April 1, 2019.

- (b) *As a lessee*

As a lessee, through its parent company, the Company leases office space for its operations. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for these leases, that is, these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements

Year ended March 31, 2020

(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)*

(b) *As a lessee (cont'd)*

However, for leases of property, the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component. *Leases classified as operating leases under IAS 17*

Previously, the Company classified property leases as operating leases under IAS 17.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

(c) *As a lessor*

The Company does not act as a lessor.

(d) *Impact on transition*

There was no impact on transition to IFRS 16.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements

Year ended March 31, 2020

(Expressed in Eastern Caribbean Dollars)

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

(b) *New and amended standards and interpretations not yet effective*

At the date of approval of the financial statements, there were certain new and amended standards and interpretations to existing standards, which were in issue, but were not yet effective and had not been early adopted by the Company. Those which management considered may be relevant to the Company are as follows:

- Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of ‘material’ to guide preparers of financial statements in making judgements about information to be included in financial statements.

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

- Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New ‘bundle of rights’ approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The company is assessing the impact that these new and amended standards, and interpretations will have on its financial statements when they become effective.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements

Year ended March 31, 2020

(Expressed in Eastern Caribbean Dollars)

5. Financial Instruments

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.

Non-derivative financial assets – Classification and subsequent measurement

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.

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.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements

Year ended March 31, 2020

(Expressed in Eastern Caribbean Dollars)

5. Financial Instruments (cont'd)

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.

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

Year ended March 31, 2020

(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, 2020			
Cash and cash equivalents	\$ 50,697,384	-	50,697,384
Due from parent company	-	2,322,585	2,322,585
Accounts receivable	401,485	-	401,485
	<u>\$ 51,098,869</u>	<u>2,322,585</u>	<u>53,421,454</u>
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>

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

Year ended March 31, 2020

*(Expressed in Eastern Caribbean Dollars)***5. Financial Instruments (cont'd)***Financial Risk Management (cont'd)**(iv) Liquidity Risk: (cont'd)*

	<u>Due within 1 Year</u>	<u>Over 1 year</u>	<u>Total</u>
Financial Liabilities			
Year ended March 31, 2020			
Escrow funds	\$ 3,662,551	-	3,662,551
Accruals	2,681	-	2,681
Deferred income	97,066	-	97,066
Shareholder Payable	<u>48,705,681</u>	-	<u>48,705,681</u>
	<u>\$ 52,467,979</u>	-	<u>52,467,979</u>
Year ended March 31, 2019			
Escrow funds	\$ 3,626,619	-	3,626,619
Due to related party	-	418,700	418,700
Deferred income	<u>1,750</u>	-	<u>1,750</u>
	<u>\$ 3,628,369</u>	<u>418,700</u>	<u>4,047,069</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.

(vi) COVID -19

The World Health Organisation declared COVID-19 to be a global pandemic on March 11, 2020. It has since spread rapidly around the globe and has impacted companies both directly and indirectly. While it is not possible to reliably estimate the duration and full consequences of this pandemic, at this stage, it can be determined that the Company will not be severely impacted financially and there are no current threats to our ability to provide services to our customers. Management will continuously be monitoring this assessment for any changes during this crisis. Specific attention will be focused on the impacts on the financial markets and the overall economies of the ECCU, all of which are highly uncertain and cannot be predicted. Consequent on the State of Emergency declared in St. Kitts & Nevis and the resulting curfew, the Company went into telecommuting mode. This transition, having been previously tested, was made without any critical disruptions to our service delivery. In order to protect their health and safety, staff will continue to telecommute until further notice.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements

Year ended March 31, 2020

*(Expressed in Eastern Caribbean Dollars)***6. Cash and Cash Equivalents**

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Escrow funds	12	\$ 3,662,551	3,626,619
Cash at bank		47,034,833	13,262
		<u>\$ 50,697,384</u>	<u>3,639,881</u>

7. Accounts Receivable and Other Assets

		<u>2020</u>	<u>2019</u>
Accounts receivable	\$	400,467	38,353
Less: Provision for expected credit losses (ECL)		(7,160)	-
		<u>393,307</u>	<u>38,353</u>
Prepayments		813	813
Interest receivable		1,018	-
	\$	<u>395,138</u>	<u>39,166</u>

Provision for ECL

		<u>2020</u>	<u>2019</u>
Balance - beginning of the year	\$	-	-
Increase in provision		7,160	-
Balance - end of the year	\$	<u>7,160</u>	<u>-</u>

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements

Year ended March 31, 2020

(Expressed in Eastern Caribbean Dollars)

8. Related Party Balances and Transactions

(a) *Due to Related Party:*

The amount at the end of 2019 of \$418,700 due to the Eastern Caribbean Central Securities Registry represented 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 was unsecured, interest free and had 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.

(c) *Key Management Personnel Compensation:*

The salaries, fees and benefits paid to key management personnel of the Company during the year amounted to \$550,234 (2019: \$77,308). The following is an analysis of these amounts:

		2020	2019
Salaries and other short-term employee benefits	\$	486,380	68,382
Post-employment benefits		63,854	8,926
Total Key Management Compensation	\$	550,234	77,308

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

		2020	2019
Computer Software:			
Cost at beginning of year	\$	405,000	405,000
Transfer from ECCSR		405,000	-
Cost at end of year		810,000	405,000
Accumulated amortisation – beginning of the year		172,125	111,375
Charge for the year		121,500	60,750
Transfer from ECCSR		172,125	-
Accumulated amortisation – end of the year		465,750	172,125
Net Book Value	\$	344,250	232,875

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements

Year ended March 31, 2020

(Expressed in Eastern Caribbean Dollars)

10. Leases

Through its parent company, the Company leases office space from the Eastern Caribbean Central Bank. The lease term is 3 years with an option to renew for the same time period after the end of the stated lease term. The ECSE is expected to exercise this option.

Information about the lease is presented below:

(a) *Amounts recognised in the statement of financial position:*

(i) *Right-of-use asset*

	<u>Buildings</u>
As at April 1, 2019 upon application of IFRS 16	\$ -
Additions	460,718
Depreciation	<u>(57,590)</u>
Balance at March 31, 2020	<u>\$ 403,128</u>

(ii) *Lease liabilities*

As at April 1, 2019 upon application of IFRS 16	\$ -
Additions	460,718
Interest expense	9,837
Lease payments	<u>(63,000)</u>
Balance at March 31, 2020	<u>\$ 407,555</u>

Maturity analysis – contractual undiscounted cash flows:

Less than one year	\$ 72,768
One to five years	<u>334,787</u>
Total undiscounted lease liabilities at March 31, 2020	<u>\$ 407,555</u>

(b) *Amounts recognised in profit or loss*

Depreciation charge on right-of-use assets	\$ 57,590
Interest expense on lease liabilities	<u>9,837</u>
Balance at March 31, 2020	<u>67,427</u>

11. Deferred Income

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

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements

Year ended March 31, 2020

(Expressed in Eastern Caribbean Dollars)

12. Escrow Funds

		<u>2020</u>	<u>2019</u>
Escrow funds	\$	3,662,551	3,626,619

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).

13. Share Capital

		<u>2020</u>	<u>2019</u>
Authorised:			
2,000,000 Ordinary Shares of \$10 each	\$	20,000,000	20,000,000
Issued:			
404,000 (2019: 222,000) Shares of \$10 each	\$	4,040,000	2,220,000

The ECSE, as part of a group rationalization exercise, wound up its previous subsidiary Eastern Caribbean Central Securities Registry Limited (ECCSR) on October 14, 2019 and transferred its operations to the ECCSD. The ECCSR's assets, liabilities and equity were transferred to the ECCSD upon the merging of operations of the two companies.

The ECCSD's share capital consequently increased by \$1,820,000, equivalent to 182,000 shares.

The assets, liabilities and equity of ECCSR on the date of transfer were as follows:

<i>Assets</i>		<i>Liabilities</i>		<i>Equity</i>	
Cash at bank	\$26,710,552	Other payables and accruals	\$25,454,867	Share capital	\$1,820,000
Accounts receivable and other assets	110,370	Deferred income Due to parent company	57,185	Accumulated deficit	(1,039,138)
Intangible assets Due from related party	232,875		1,179,583		
	418,700				
Total assets	<u>\$27,472,497</u>	Total liabilities	<u>\$26,691,635</u>	Total equity	<u>\$780,862</u>

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Notes to Financial Statements

Year ended March 31, 2020

(Expressed in Eastern Caribbean Dollars)

14. Contingent Liabilities and Capital Commitments

The Company had no capital commitments as at March 31, 2020 (2019: nil).

Amounts due to suppliers as at March 31, 2020 is nil (2019: nil).