EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Financial Statements

March 31, 2023

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

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KPMG
204 Johnsons Centre
No. 2 Bella Rosa Rd
Gros Islet
Saint Lucia

Telephone: (758) 453 5764
Email: ecinfo@kpmg.lc

P.O. Box GI 2171
Gros Islet LC 01 101
Saint Lucia

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, 2023, 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, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

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 Standards, 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.

KPMG

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.

KPMG

Chartered Accountants
Castries, Saint Lucia
October 5, 2023

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Statement of Financial Position

March 31, 2023

(Expressed in Eastern Caribbean Dollars)

	Note		2023	2022
Assets				
Current Assets				
Cash and Cash Equivalents	6	$	37,130,324	32,508,904
Accounts Receivable and Other Assets	7		533,997	236,782
Total Current Assets			37,664,321	32,745,686
Non-current Assets				
Intangible Assets	9		-	101,250
Right-of-use Asset	10		172,769	249,556
Due from Parent Company	8		24,941,525	26,541,618
Total Non-current Assets			25,114,294	26,892,424
Total Assets		$	62,778,615	59,638,110
Liabilities and Shareholder's Equity				
Current Liabilities				
Lease Liability	10	$	79,612	74,982
Deferred Income	11		50,639	72,931
Escrow Funds	12		3,740,690	3,718,708
Shareholder Payable	13		57,815,911	54,158,951
Total Current Liabilities			61,686,852	58,025,572
Non-current Liabilities				
Lease Liability	10		102,930	184,823
Total Non-current Liabilities			102,930	184,823
Total Liabilities			61,789,782	58,210,395
Shareholder's Equity				
Share Capital	14		4,040,000	4,040,000
Accumulated Deficit			(3,051,167)	(2,612,285)
Total Shareholder's Equity			988,833	1,427,715
Total Liabilities and Shareholder's Equity		$	62,778,615	59,638,110

Approved for issue by the Board of Directors on September 22, 2023 and signed on its behalf by:

Mr. Timothy N. J. Antoine	Mr. Trevor E. Blake
Chairman	Managing Director

The notes on pages 8 to 26 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, 2023

(Expressed in Eastern Caribbean Dollars)

	Note		2023	2022
Income				
Transaction Fees		$	312,568	369,533
Membership Fees			17,000	17,000
Primary Market Income			176,000	196,000
Interest Income			61,608	61,060
Registry Income			1,350,972	1,281,182
Custody Service			(3,949)	3,949
Corporate Action Income			241,535	323,073
Total Income			2,155,734	2,251,797
General and Administrative Expenses				
Compensation Costs			1,644,660	1,316,091
Amortisation	9		101,250	121,500
Depreciation of Right-of-use Asset	10		76,786	76,786
Administrative Expenses			464,974	381,661
Software Maintenance			96,479	140,457
Legal and Professional Costs			103,050	161,368
Staff Training			7,091	-
Promotional Activities			77,508	81,889
Interest Expense	10		6,737	9,018
Provision for expected credit losses	7		16,081	55,917
Total General and Administrative Expenses			2,594,616	2,344,687
Total Comprehensive Loss for the Year		$	(438,882)	(92,890)

The notes on pages 8 to 26 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, 2023

(Expressed in Eastern Caribbean Dollars)

		Share Capital	Accumulated Deficit	Total
Balance as at March 31, 2021	$	4,040,000	(2,519,395)	1,520,605
Loss, being total comprehensive loss for the year		-	(92,890)	(92,890)
Balance as at March 31, 2022		4,040,000	(2,612,285)	1,427,715
Loss, being total comprehensive loss for the year		-	(438,882)	(438,882)
Balance as at March 31, 2023	$	4,040,000	(3,051,167)	988,833

The notes on pages 8 to 26 are an integral part of these financial statements.

EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY LIMITED

Statement of Cash Flows

Year ended March 31, 2023

(Expressed in Eastern Caribbean Dollars)

	Note		2023	2022
Cash flows from operating activities				
Loss for the year		$	(438,882)	(92,890)
Adjustments for:				
Provision for expected credit losses	7		16,081	55,917
Interest expense on lease liability	10		6,737	9,018
Interest income			(61,608)	(61,060)
Depreciation of right-of-use asset	10		76,786	76,786
Amortisation of intangible assets	9		101,250	121,500
Operating (loss) income before working capital changes			(299,636)	109,271
Changes in:				
Accounts receivable and other assets			(313,447)	161,064
Deferred income			(22,292)	(10,082)
Escrow funds			21,982	23,571
Shareholder payable			3,656,960	(40,923,918)
Interest received			61,760	66,219
Net cash from (used in) operating activities			3,105,327	(40,573,875)
Cash flows from financing activities				
Change in due from parent company			1,600,093	(10,079,160)
Payment of lease liability	10		(84,000)	(83,999)
Net cash from (used in) financing activities			1,516,093	(10,163,159)
Increase (decrease) in cash and cash equivalents during the year		$	4,621,420	(50,737,004)
Cash and cash equivalents at beginning of the year			32,508,904	83,245,908
Cash and cash equivalents at end of the year		$	37,130,324	32,508,904

The notes on pages 8 to 26 are an integral part of these financial statements.

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 previous year.

2. Basis of Preparation

(a) *Going Concern*:

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

As at March 31, 2023, the Company had an accumulated deficit of EC$3,051,167 (2022: $2,612,285) and its current liabilities exceeded its current assets by EC$24,022,531 (2022: $25,279,886). The Company recorded a loss in 2023 of EC$438,882 (2022: loss of $92,890). It is anticipated that future profitability would assist in reducing the accumulated deficit over time. The Company has also demonstrated its ability to generate positive cash flows such that it can sustain its operations and on-going commitments. The Company's shareholder, the ECSE is also able to provide required support as and when required.

Based on the above, management is not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern and has prepared the financial statements on a going concern basis.

2. Basis of Preparation *(cont'd)*

(b) *Statement of Compliance*:

These 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 September 22, 2023.

(c) *Basis of Measurement:*

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

(d) *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.

(e) *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.

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, 2023, 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.

(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.

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

(f) *Revenue:*

Revenue is measured based on the consideration specified in a contract with a customer. The Company principally derives its revenue from the rendering of services. The Company recognizes revenue when it performs a service for a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Service Type	Nature and timing of satisfaction of performance obligations	Revenue Recognition Policies
Registry Income	Registry income consists of fees from the following: I. The utilization of the ECCSD registry services for both initial registration and annual registry maintenance fees. II. ECCSD registration on trades-settlement transfer are fees deriving from registration of transfers by both parties in secondary trades and from buyers of primary market issues. III. The corporate action services offered by the ECCSD include the processing of interest, amortization, redemption at maturity and dividend payments. IV. ECCSD Investor Transaction Revenue is generated from account maintenance and related registry services provided to the investing public.	Annual Registry Fees are recognised over the period the securities are required for registration; annually for equities, and for debt (corporate and sovereign) over the life of the security. With respect to initial registration, revenue is recognised at the inception of the registry. Trade settlement transfer, corporate action and investor transaction revenues are recognised as and when services are provided and accepted.

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

(f) Revenue: (cont'd)

Service Type	Nature and timing of satisfaction of performance obligations	Revenue Recognition Policies
Membership Fees	Membership fees are derived from new and existing intermediaries who become or maintain annual membership with the ECSE.	Membership fees are recognized over the membership period. Membership fees span over a one-year period except in the case where a new member joins the ECSE at mid-point in the financial year, the fees will be pro-rated to reflect the point in time when the member is accepted into membership. Membership fees that are paid in advance are treated as unearned revenue (liability).
Primary Market Income	Primary Market Income is derived from the following: I. New corporate equity issuances auctioned on the ECCSD primary issuance platform. II. New sovereign debt instruments auctioned on the Regional Government Securities Market (RGSM). Fees are charged based on the approved fee structure for new issuances. III. Facilitation fees derived from support and assistance provided to intermediaries (brokers) leading issues of new securities on the primary market.	Revenue is recognised when an auction for equities and for corporate and sovereign debt has been completed.
Trustees Fee	Trustees fees are fees paid to the Trustees (ECCSD) in compensation for Trustee services.	Trustees fees are governed by the terms outlined in the Trust Deed. Trustees fees span over a one-year period except in the case where a trust is established at mid-point in the financial year, the fees will be pro-rated to reflect the point in time when the trust is established. Trustees fees that are paid in advance are treated as unearned revenue (liability).

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

(g) Taxation:

By letter dated May 27, 2003, the ECSE and its subsidiary company (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.

(h) Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into (or changed) on or after April 1, 2019.

Company acting as a lessee

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

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by analysing borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

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

(h) Leases (cont'd):

Company acting as a lessee (cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4. Changes in accounting policies

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

A number of new standards, amendments to standards and interpretations became effective during the current period as follows, but these did not have a material effect on the Company's financial statements.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual periods beginning on or after January 1, 2022.

  (i) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  (ii) IFRS 16 *Leases* amendments remove the illustration of payments from the lessor relating to leasehold improvements.

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

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

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

- Classification of liabilities as current or non-current (Amendments to IAS 1) – effective January 1, 2024

  Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2024. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32.

  Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

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

(b) New and amended standards and interpretations not yet effective (cont'd)

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – effective January 1, 2023

  The key amendments to IAS 1 include:

  (i) requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  (ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  (iii) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments are consistent with the refined definition of material:

  "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements."

- Definition of Accounting Estimate (Amendments to IAS 8) – effective January 1, 2023

  The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

  Developing an accounting estimate includes both:
  (i) selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and;
  (ii) choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

  The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

None of these forthcoming amendments is expected to have a significant impact on the Company's financial statements in the period of adoption.

5. Financial Instruments

Recognition, initial measurement and derecognition:

Financial assets and financial liabilities are recognised on the trade date 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 expired.

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 parent company. 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.

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, shareholder payable and lease liabilities.

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

Effective interest rate method
The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

– the gross carrying amount of the financial asset; or
– the amortised cost of the financial liability.

Amortised cost and gross carrying amount
The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Financial Risk Management

(i) Interest Rate Risk Exposure:

The Company does not have any significant exposure to interest rate risk as there are no interest-bearing financial assets or liabilities.

(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.

5. Financial Instruments *(cont'd)*

Financial Risk Management (cont'd)

(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 as they are liquid or have a short term to maturity.

(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:

		Due within 1 Year	Over 5 Years	Total
Financial Assets				
Year ended March 31, 2023				
Cash and cash equivalents	$	37,130,324	-	37,130,324
Due from parent company		-	24,941,525	24,941,525
Accounts receivable		533,997	-	533,997
	$	37,664,321	24,941,525	62,605,846
Year ended March 31, 2022				
Cash and cash equivalents	$	32,508,904	-	32,508,904
Due from parent company		-	26,541,618	26,541,618
Accounts receivable		236,782	-	236,782
	$	32,745,686	26,541,618	59,287,304

5. Financial Instruments *(cont'd)*

Financial Risk Management (cont'd)

(iv) Liquidity Risk: (cont'd)

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 (including estimated interest payments).

		Due within 1 Year	**Over 1 year**	**Total**
Financial Liabilities				
Year ended March 31, 2023				
Escrow funds	$	3,740,690	-	3,740,690
Deferred income		50,639	-	50,639
Lease liabilities		79,612	102,930	182,542
Shareholder Payable		57,815,911	-	57,815,911
	$	61,686,852	102,930	61,789,782
Year ended March 31, 2022				
Escrow funds	$	3,718,708	-	3,718,708
Deferred income		72,931	-	72,931
Lease liabilities		74,982	184,823	259,805
Shareholder Payable		54,158,951	-	54,158,951
	$	58,025,572	184,823	58,210,395

5. Financial Instruments *(cont'd)*

Financial Risk Management (cont'd)

(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. Management monitors the return on capital. There were no changes to the way in which the Company manages its capital during the year.

6. Cash and Cash Equivalents

	Notes		2023	2022
Escrow funds	12	$	2,240,690	2,218,708
Cash at bank			34,889,634	30,290,196
		$	37,130,324	32,508,904

On December 22, 2022, $1.5 million previously transferred out of the Escrow funds account to facilitate the establishment of a 12-month fixed deposit was rolled over. The fixed deposit was established with the St. Kitts-Nevis-Anguilla National Bank Limited in favor of the Eastern Caribbean Securities Exchange Limited. Therefore, this reconciles the difference between the Escrow funds cash account and the liability account shown in Note 12 of these financial statements.

7. Accounts Receivable and Other Assets

		2023	2022
Accounts receivable	$	605,888	292,441
Less: Provision for expected credit losses (ECL)		(71,998)	(55,917)
		533,890	236,524
Interest receivable		107	258
	$	533,997	236,782

Provision for ECL

		2023	2022
Balance - beginning of the year	$	55,917	-
Change in provision		16,081	55,917
Balance - end of the year	$	71,998	55,917

8. Related Party Balances and Transactions

(a) 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 have no fixed settlement date.

(b) Key Management Personnel Compensation:

The salaries, fees and benefits paid to key management personnel of the Company during the year amounted to $704,312 (2022: $582,373). The following is an analysis of these amounts:

		2023	2022
Salaries and other short-term employee benefits	$	638,338	517,981
Post-employment benefits		65,974	64,392
Total Key Management Compensation	$	704,312	582,373

9. Intangible Assets

		2023	2022
Computer Software:			
Cost at beginning of year	$	810,000	810,000
Cost at end of year		810,000	810,000
Accumulated amortisation – beginning of the year		708,750	587,250
Charge for the year		101,250	121,500
Accumulated amortisation – end of the year		810,000	708,750
Net Book Value	$	-	101,250

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

		Buildings
As at April 1, 2022	$	249,556
Additions		-
Depreciation		(76,786)
Balance at March 31, 2023	$	172,769

(ii) Lease liabilities

As at April 1, 2022	$	259,805
Additions		-
Interest expense		6,737
Lease payments		(84,000)
Balance at March 31, 2023	$	182,542

(iii) Maturity analysis

Less than one year	$	79,612
One to five years		102,930
Total lease liabilities at March 31, 2023	$	182,542

(b) Amounts recognised in profit or loss

Depreciation charge on right-of-use assets	$	76,786
Interest expense on lease liabilities		6,737
	$	83,523

11. Deferred Income

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

12. Escrow Funds

		2023	2022
Escrow funds	$	3,740,690	3,718,708

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. Shareholder Payable

Shareholders' Payable represents securities holders' dividends, interest and maturity payments which are unclaimed and withheld for charged accounts and/or at the request of the Court and judicial managers.

14. Share Capital

		2023	2022
Authorised:			
2,000,000 Ordinary Shares of $10 each	$	20,000,000	20,000,000
Issued:			
404,000 (2022: 404,000) Shares of $10 each	$	4,040,000	4,040,000

Holders of these shares are entitled to one vote per share at general meetings of the Company.

15. Contingent Liabilities and Capital Commitments

The Company had no capital commitments as at March 31, 2023 (2022: nil).

16. Subsequent Event

There were no subsequent events required to be disclosed for the financial year ended March 31, 2023.