

EASTERN CARIBBEAN CENTRAL SECURITIES REGISTRY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

PANNELL KERR FORSTER
Chartered Accountants

EASTERN CARIBBEAN CENTRAL SECURITIES REGISTRY LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

C O N T E N T S

	<u>PAGE</u>
AUDITORS' REPORT	1
BALANCE SHEET	2
STATEMENT OF INCOME	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 9

REPORT OF THE AUDITORS TO

THE SHAREHOLDERS OF

EASTERN CARIBBEAN CENTRAL SECURITIES REGISTRY LIMITED

We have audited the balance sheet of **Eastern Caribbean Central Securities Registry Limited** at 31 March 2004 and the related statements of income, changes in equity and cash flows for the year then ended. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform an audit to obtain reasonable assurance that the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of the Company as at 31 March 2004 and the results of its operations, changes in equity and cash flows for the year then ended in accordance with International Accounting Standards.

PANNELL KERR FORSTER
Chartered Accountants:

BASSETERRE - ST KITTS
20 April 2004

EASTERN CARIBBEAN CENTRAL SECURITIES REGISTRY LIMITEDBALANCE SHEET AS AT 31 MARCH 2004

(Expressed in Eastern Caribbean Dollars)

ASSETS	<u>Notes</u>	<u>2004</u>	<u>2003</u>
Non-Current Assets			
Fixed Assets	4	<u>409,759</u>	<u>508,687</u>
Current Assets			
Prepayments		10,600	5,000
Cash at Bank		<u>12,854</u>	<u>-</u>
		<u>23,454</u>	<u>5,000</u>
TOTAL ASSETS		<u>\$433,213</u>	<u>\$513,687</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital (Page 4)	5	1,420,000	10
Accumulated Deficit (Page 4)		<u>(1,116,563)</u>	<u>(804,008)</u>
		<u>303,437</u>	<u>(803,998)</u>
Non Current Liabilities			
Due to Parent Company	6	<u>48,398</u>	<u>1,317,685</u>
Current Liabilities			
Payment on Account		<u>81,378</u>	=
TOTAL EQUITY AND LIABILITIES		<u>\$433,213</u>	<u>\$513,687</u>

The attached Notes form part of these Financial Statements.

 Sir K Dwight Venner
 Chairman

 Mr Duleep K Cheddie
 Director

EASTERN CARIBBEAN CENTRAL SECURITIES REGISTRY LIMITED

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 MARCH 2004
 (Expressed in Eastern Caribbean Dollars)

	<u>2003</u>	<u>2003</u>
INCOME		
Registry Income	170,848	44,211
Interest and Other Income	<u>11,355</u>	<u>(914)</u>
	<u>182,203</u>	<u>43,297</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Compensation Costs	207,542	189,045
Staff Training	6,965	2,844
Depreciation	98,928	98,930
Legal and Professional Costs	5,673	9,152
Travel and Accommodation	4,978	5,937
Promotional Activities	5,385	5,916
Software Installation	102,686	103,240
Administrative Expenses	<u>62,601</u>	<u>19,901</u>
TOTAL EXPENDITURE	<u>494,758</u>	<u>434,965</u>
LOSS FOR THE YEAR (Page 4)	<u>\$(312,555)</u>	<u>\$(391,668)</u>

The attached Notes form part of these Financial Statements.

EASTERN CARIBBEAN CENTRAL SECURITIES REGISTRY LIMITEDSTATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2004

(Expressed in Eastern Caribbean Dollars)

	Share Capital \$	Accumulated Deficit \$	Total \$
	<hr/>		
Balance at 1 April 2002	10	(412,340)	(412,330)
Loss for the year	<u>-</u>	(391,668)	(391,668)
Balance at 1 April 2003	10	(804,008)	(803,998)
Issue of Share Capital	1,419,990	-	1,419,990
Loss for the Year	<u>-</u>	(312,555)	(312,555)
Balance at 31 March 2004	<u>\$1,420,000</u>	<u>\$(1,116,563)</u>	<u>\$303,437</u>

The attached Notes form part of these Financial Statements.

EASTERN CARIBBEAN CENTRAL SECURITIES REGISTRY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2004
 (Expressed in Eastern Caribbean Dollars)

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the Year	(312,555)	(391,668)
Adjustment for Depreciation	98,928	98,930
Adjustment for Interest	<u>(11,355)</u>	-
	(224,982)	(292,738)
NON-CASH WORKING CAPITAL		
Payment on Account	81,378	-
Due to Parent Company	150,703	297,738
Prepayments	<u>(5,600)</u>	<u>(5,000)</u>
CASH INFLOW FROM OPERATING ACTIVITIES	<u>1,499</u>	<u>-</u>
CASH INFLOW FROM INVESTING ACTIVITIES		
Interest Received	<u>11,355</u>	<u>-</u>
CASH AND SHORT TERM FUNDS AT THE END OF THE YEAR	<u>\$12,854</u>	<u><u>-</u></u>

The attached Notes form part of these Financial Statements.

EASTERN CARIBBEAN CENTRAL SECURITIES REGISTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

(Expressed in Eastern Caribbean Dollars)

1 INCORPORATION

The Eastern Caribbean Central Securities Registry Limited was incorporated as a public limited company on 2 August 2001 under the provisions of the Companies Act (No 22 of 1996) of the laws of Saint Kitts and Nevis. It is a wholly-owned subsidiary of Eastern Caribbean Securities Exchange Limited.

2 PRINCIPAL ACTIVITY

The company carries on the business of electronically maintaining 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 in the region.

3 STATEMENT OF ACCOUNTING POLICIES

a) Income and Expenditure:

Income and Expenditure items are accounted for in the Financial Statements on the accrual basis of accounting.

b) Taxation:

The government of St Kitts and Nevis has granted the company waivers of corporation and other taxes for a period of ten years, commencing 19 October 2001 the date the company began its trading activities.

c) Fixed Assets:

Fixed Assets are stated at historical cost. Depreciation is provided on the straight line basis at rates estimated to write off the cost of the assets over their expected useful lives as follows:

Computer Software	15% - 20%
Computer Equipment – Hardware	20%

d) Foreign Currencies:

All amounts are expressed in Eastern Caribbean Dollars.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such balances are translated at year-end exchange rates.

EASTERN CARIBBEAN CENTRAL SECURITIES REGISTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

(Expressed in Eastern Caribbean Dollars)
(Continued)

4	FIXED ASSETS	<u>2004</u>	<u>2003</u>
	Computer Equipment - Hardware		
	Cost at Beginning of Year	8,650	-
	Additions during the Year	<u>-</u>	<u>8,650</u>
	Cost at End of Year	<u>8,650</u>	<u>8,650</u>
	Accumulated Depreciation – Beginning of Year	2,163	433
	Charge for the Year	<u>1,728</u>	<u>1,730</u>
	Accumulated Depreciation – End of Year	<u>3,891</u>	<u>2,163</u>
	Net Book Value	<u>4,759</u>	<u>6,487</u>
	Computer Software		
	Cost Brought Forward	<u>648,000</u>	<u>648,000</u>
	Accumulated Depreciation – Beginning of Year	145,800	48,600
	Charge for the Year	<u>97,200</u>	<u>97,200</u>
	Accumulated Depreciation – End of Year	<u>243,000</u>	<u>145,800</u>
	Net Book Value	<u>405,000</u>	<u>502,200</u>
	TOTAL NET BOOK VALUE (Page 2)	<u>\$409,759</u>	<u>\$508,687</u>
5	SHARE CAPITAL	<u>2004</u>	<u>2003</u>
	Authorised:		
	2,000,000 Shares of \$10 each	<u>\$20,000,000</u>	<u>\$20,000,000</u>
	Issued		
	142,000 Shares (2003 = 1 Share) of \$10 each (Page 2)	<u>\$1,420,000</u>	<u>\$10</u>

6 **DUE TO PARENT COMPANY**

The amount due to the parent company represents expenditure incurred by the Eastern Caribbean Securities Exchange Limited on behalf of the Eastern Caribbean Central Securities Registry Limited. The amount due is unsecured, bears no interest and has no fixed repayment terms.

EASTERN CARIBBEAN CENTRAL SECURITIES REGISTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

(Expressed in Eastern Caribbean Dollars)
(Continued)

7 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

At the year end, there were no Contingent Liabilities or Capital Commitments.

8 ADDITIONAL FINANCIAL SUPPORT

Subsequent to 31 March 2004, the Eastern Caribbean Central Bank has given the following undertaking and guarantee in respect of the Eastern Caribbean Securities Exchange Limited and its wholly-owned subsidiary companies:

- 1 An undertaking to postpone all claims in respect of funds advanced to the Eastern Caribbean Securities Exchange Limited and its wholly-owned subsidiary companies by the Eastern Caribbean Central Bank in the amount of EC\$2,417,179 at 31 March 2004;
- 2 Guarantee cover of the payment of liabilities arising from the results of the operations of the Eastern Caribbean Securities Exchange Limited and its wholly-owned subsidiary companies for the fiscal year ending 31 March 2005.

The above undertaking and guarantee will be reviewed at 31 March 2005 and are irrevocable before this date.

9 RELATED PARTY TRANSACTIONS

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

10 FINANCIAL INSTRUMENTS

Financial instruments consist of cash at bank and on hand, short term investments, accounts receivable and accounts payable. The Company and its subsidiaries do not engage in any significant transactions which are speculative in nature.

Interest rate risk exposure:

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

Credit risk exposure:

Credit risk arises from the possibility that counterparties may default in their obligations to the Company. The maximum credit risk exposure of financial assets recognised in the balance sheet 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.

EASTERN CARIBBEAN CENTRAL SECURITIES REGISTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

(Expressed in Eastern Caribbean Dollars)
(Continued)

10 **FINANCIAL INSTRUMENTS (Cont'd)**

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.

11 **RECLASSIFICATIONS**

Certain items in the Income Statement and Balance Sheet have been reclassified during the current financial year to improve the financial statement presentation. The previous year's figures have been reclassified to be consistent with this year's presentation. The reclassifications have no impact on the results reported for the current or prior year.