EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Consolidated Financial Statements

March 31, 2016

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

We have audited the accompanying consolidated financial statements of Eastern Caribbean Securities Exchange Limited and its Subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of March 31, 2016, the consolidated statements of profit and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants
August 15, 2016

Antigua and Barbuda

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Consolidated Statement of Financial Position

March 31, 2016

(Expressed in Eastern Caribbean Dollars)

	Notes		2016	2015
Assets				
Current Assets:				
Cash and Short-term Deposits	6	$	38,884,602	25,272,346
Accounts Receivable and Other Assets	7		465,043	357,586
Investments	8		6,935,878	3,980,279
Total Current Assets			46,285,523	29,610,211
Non-current Assets:				
Plant and Equipment	9		611,559	497,659
Intangible Assets	10		1,508,342	1,010,576
Total Non-current Assets			2,119,901	1,508,235
Total Assets		$	48,405,424	31,118,446
Liabilities and Shareholders' Equity				
Current Liabilities:				
Accounts Payable and Accruals	11	$	37,354,278	21,565,856
Provisions	12		90,064	-
Total Current Liabilities			37,444,342	21,565,856
Non-current Liabilities:				
Provisions	12		-	34,666
Pension Fund	13		719,261	758,987
Due to Eastern Caribbean Central Bank	14		2,874,845	2,874,845
Total Non-current Liabilities			3,594,106	3,668,498
Total Liabilities			41,038,448	25,234,354
Shareholders' Equity:				
Share Capital	16		9,725,810	9,725,810
Accumulated Deficit			(2,358,834)	(3,841,718)
Total Shareholders' Equity			7,366,976	5,884,092
Total Liabilities and Shareholders' Equity		$	48,405,424	31,118,446

Approved for issue by the Board of Directors on 15 August 2016 **and signed on its behalf by:**

K. Dwight Venner

Sir K. Dwight Venner
Chairman

Mr. D. Michael Morton
Director

The notes on pages 6 to 29 are an integral part of these consolidated financial statements.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Consolidated Statement of Profit and Other Comprehensive Income

Year ended March 31, 2016

(Expressed in Eastern Caribbean Dollars)

	Notes		2016	2015
Income:				
Listing and registry income		$	2,383,633	2,125,762
Primary market income			802,169	800,550
Membership and trading income			373,863	371,419
Interest income			235,496	280,939
Other income	19		437,000	67,455
			4,232,161	3,646,125
General and Administrative Expenses:				
Compensation costs			1,768,290	1,535,215
Administrative expenses			522,261	511,626
Software maintenance			175,177	153,951
Depreciation and amortisation	9,10		181,443	91,479
Legal and professional costs			56,691	57,044
Promotional activities			42,866	52,992
Staff training			2,549	19,559
			2,749,277	2,421,866
Net Profit, being Total Comprehensive Income for the Year		$	1,482,884	1,224,259
Earnings per Share	17	$	1.52	1.26

The notes on pages 6 to 29 are an integral part of these consolidated financial statements.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Consolidated Statement of Changes in Shareholders' Equity

Year ended March 31, 2016

(Expressed in Eastern Caribbean Dollars)

		Share Capital	Accumulated Deficit	Total
Balance as at March 31, 2014	$	9,725,810	(5,065,977)	4,659,833
Net profit, being total comprehensive income for the year		-	1,224,259	1,224,259
Balance as at March 31, 2015		9,725,810	(3,841,718)	5,884,092
Net profit, being total comprehensive income for the year			1,482,884	1,482,884
Balance as at March 31, 2016	$	9,725,810	(2,358,834)	7,366,976

The notes on pages 6 to 29 are an integral part of these consolidated financial statements.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Consolidated Statement of Cash Flows

Year ended March 31, 2016

(Expressed in Eastern Caribbean Dollars)

	Notes		2016	2015
Cash flows from operating activities				
Net profit for the year		$	1,482,884	1,224,259
Adjustments for:				
Depreciation and Amortisation	9,10		181,443	91,479
Interest Income			(235,496)	(280,939)
Gain on disposal of Plant and Equipment			(175,000)	-
Operating profit before changes in working capital			1,253,831	1,034,799
Change in Accounts Receivable and Other assets			(105,802)	307,975
Change in Accounts Payable and Accruals			15,788,422	3,690,609
Change in Provisions			55,398	27,666
Change in Pension Fund			(39,726)	123,946
Net cash from operating activities			16,952,123	5,184,995
Cash flows from investing activities				
Purchase of Intangible Assets	10		(544,209)	(1,015,083)
Purchase of Plant and Equipment	9		(248,900)	(455,933)
(Purchase)/disposal of Investments			(2,955,599)	980,164
Proceeds from disposal of Plant and Equipment			175,000	-
Interest Received			233,841	261,852
Net cash used in investing activities			(3,339,867)	(229,000)
Increase in cash and short-term funds for the year			13,612,256	4,955,995
Cash and short-term funds at the beginning of the year			25,272,346	20,316,351
Cash and short-term funds at the end of the year		$	38,884,602	25,272,346
Comprised as follows:				
Cash at bank	6	$	38,884,427	25,271,834
Cash in hand	6		175	512
		$	38,884,602	25,272,346

The notes on pages 6 to 29 are an integral part of these consolidated financial statements.

(Expressed in Eastern Caribbean Dollars)

1. **Incorporation and Principal Activity:**

The Eastern Caribbean Securities Exchange Limited ("ECSE") was incorporated as a public limited company on May 8, 2001 under the provisions of the Companies Act (No. 22 of 1996) of the laws of St. Christopher and Nevis.

The ECSE carries on business as a regional securities exchange and facilitates the buying and selling of financial products, including corporate and government securities for the member territories of the Eastern Caribbean Currency Union.

The registered office is situated at Bird Rock, Basseterre, St. Kitts.

These consolidated financial statements comprise the ECSE and its subsidiaries (the "Group"). The ECSE's subsidiaries and their activities are as follows:

- *The Eastern Caribbean Central Securities Registry Limited:*
  The Eastern Caribbean Central Securities Registry Limited ("ECCSR") 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 Saint Christopher and Nevis. It is a wholly-owned subsidiary of Eastern Caribbean Securities Exchange Limited.

  The ECCSR 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.

- *The Eastern Caribbean Central Securities Depository Limited:*
  The Eastern Caribbean Central Securities Depository Limited ("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 Saint Christopher and Nevis. It is a wholly-owned subsidiary of Eastern Caribbean Securities Exchange Limited.

  The principal activity of the ECCSD is the performance of all services incidental or conducive to the functioning of a central securities depository.

2. **Basis of Preparation**:

(a) *Statement of Compliance*:
The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies adopted in the preparation of these consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements and are set out below.

The consolidated financial statements were authorized for issue by the Board of Directors on August 15, 2016.

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

(b) *Basis of Measurement:*
These consolidated financial statements have been prepared on the historical cost basis.

(c) *Functional and Presentation Currency:*
The consolidated financial statements are presented in Eastern Caribbean Dollars, which is the Group's functional currency, rounded to the nearest dollar.

(d) *Use of Accounting Estimates and Judgments:*
The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting 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 consolidated financial statements are as follows:

(a) *Basis of Consolidation:*
These financial statements consolidate those of the Group as of March 31, 2016. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of March 31.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. The amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

(b) *Foreign Currencies:*
Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency of the Group at the exchange rate in effect at the reporting date. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated to the functional currency at the exchange rate prevailing when the fair value is determined. Gains and losses resulting from the settlement of such transactions are recognised in the consolidated statement of profit and other comprehensive income.

(Expressed in Eastern Caribbean Dollars)

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

(c) *Cash and Short-term Deposits:*
Cash and short-term deposits include cash on hand, cash at banks and restricted amounts held by third party financial institutions.

(d) *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 (or in the normal operating cycle of the business if longer), 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 rate method, less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor and the probability that the debtor will enter bankruptcy are considered indicators that the receivables are impaired. As at March 31, 2016, the Group is expected to collect all of its accounts receivable.

(e) *Plant and Equipment:*
Plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other expenditure is recognised in the consolidated statement of profit and other comprehensive income.

Any gain or loss on disposal of an item of plant and equipment is recognised in the consolidated statement of profit and other comprehensive income.

Depreciation is calculated to write off the cost of items of plant and equipment less their estimated residual values using the straight-line method, and is generally recognised in the consolidated statement of profit and other comprehensive income.

Depreciation is provided on the straight line basis using rates estimated to write off the depreciable cost of the assets over their expected useful lives as follows:

Furniture and Fittings	4 years
Computer Equipment - Hardware	5 years
Motor Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(Expressed in Eastern Caribbean Dollars)

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

(f) *Intangible Assets:*
Intangible assets are identifiable non-monetary assets without physical substance. These are measured at cost less accumulated amortization 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.

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

(g) *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 Group.

(h) *Provisions:*
Provisions are recognised when the Group 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.

(i) *Revenue:*
The Group principally derives its revenue from the rendering of services. Revenue is recognised when the amount of revenue can be measured reliably and its probable that the economic benefits associated with the transaction will flow to the Group. It is measured at the fair value of consideration received or receivable excluding trade discounts.

Revenue is recognised on the accrual basis when the services have been provided.

Interest income is reported on the accrual basis using the effective interest method.

(j) *Taxation:*
By letter dated May 27, 2003, the Group was 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 Group was granted an extension in respect of taxation relief applicable to the current period. However, the matter is still under discussion with the Government of St. Christopher and Nevis.

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

(k) *New and revised accounting standards and interpretations:*
Improvements to IFRS *2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations, the main amendments applicable to the Group are as follows:

- IFRS 13, *Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

- IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets.* The standards have been amended to clarify that, at the date of revaluation:

  (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or;

  (ii) the accumulated depreciation (amortisation) is eliminated against the gross carrying amount of the asset.

- IAS 24, *Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

- Amendments to IAS 19, *Defined Benefit Plans*: *Employee Contributions,* clarify the requirements that relate to how contributions from employees or third parties that are linked to services should be attributed to periods of services. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of services.

  The adoption of these amendments did not result in any change to the presentation and disclosures in the financial statements.

4. **Standards, amendments and interpretations issued but not yet effective**

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to the Group's operations and has determined that the following are likely to have an effect on the consolidated financial statements.

- IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:

  - specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard;
  - the order of notes to the financial statements is not prescribed;
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
  - specific criteria are now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

  The Group is assessing the impact that this amendment will have on its 2017 financial statements.

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are effective for accounting periods beginning on or after January 1, 2016.

  - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.

  - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

  The Group is assessing the impact that this amendment will have on its 2017 financial statements.

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

- Amendments to IAS 16, *Property, Plant and Equipment*, and IAS 41, *Biological Assets*, which are effective for annual reporting periods beginning on or after January 1, 2016, require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 instead of IAS 41. Therefore, the Group can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41.

  The Group is assessing the impact that this amendment will have on its 2017 financial statements.

- Amendments to IAS 27, *Equity Method in Separate Financial Statements*, effective for accounting periods beginning on or after January 1, 2016 allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.

  The Group is assessing the impact that this amendment will have on its 2017 financial statements.

- Amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures,* in respect of *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, are effective for annual reporting periods beginning on or after January 1, 2016. The amendments require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.

  The Group is assessing the impact that this amendment will have on its 2017 financial statements.

- Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 28, *Investments in Associates and Joint Ventures,* effective for accounting periods beginning on or after January 1, 2016, have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.

  The Group is assessing the impact that these amendments will have on its 2017 financial statements.

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

- Improvements to IFRS *2012-2014* cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the Group are as follows:

    - *IFRS 5, Non-current Assets Held for Sale and Discontinued Operations* has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognizes any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

    - *IFRS 7, Financial Instruments:* Disclosures, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

      IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendment to IFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting*, require their inclusion.

    - *IAS 19, Employee Benefits*, has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.

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

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services.* It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

  The Group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

  There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

  The Group is assessing the impact that this amendment will have on its 2019 financial statements.

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

  The Group is assessing the impact that this amendment will have on its 2019 financial statements.

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

- IFRS 16, *Leases,* which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

  Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

  The Group is assessing the impact that this amendment will have on its 2020 financial statements.

5. **Financial Instruments**:

(a) *Recognition, Initial Measurement and Derecognition:*

Financial assets and financial liabilities are recognised when the Group 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 which are measured at fair value. 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.

5. **Financial Instruments**: *(cont'd)*

(b) *Classification and Subsequent Measurement of Financial Assets:*
Financial assets are classified into the following categories upon initial recognition:

- Loans and receivables
- Held-to-maturity investments

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, which is described below.

All income and expenses relating to financial assets are recognised in the consolidated statement of profit and other comprehensive income.

(c) *Loans and Receivables:*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. The Group's cash and short-term deposits and accounts receivable fall into this category of financial instruments.

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.

(d) *Held-to-maturity Investments:*
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Group has the intention and ability to hold them until maturity. The Group currently holds investments with maturities in excess of 90 days designated into this category.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes in the carrying amount of the investment, including impairment losses, are recognised in the consolidated statement of profit and other comprehensive income.

5. **Financial Instruments**: *(cont'd)*

(e) *Classification and Subsequent Measurement of Financial Liabilities:*
The Group's financial liabilities include Due to Eastern Caribbean Central Bank, Accounts payable and Accruals, Provisions and the Pension Fund.

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

Financial Risk Management:

(i) *Interest Rate Risk Exposure*:
The Group 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 Group. The maximum credit risk exposure of financial assets recognised in the consolidated 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 Group'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 Group.

(Expressed in Eastern Caribbean Dollars)

5. **Financial Instruments**: *(cont'd)*

(e) *Classification and Subsequent Measurement of Financial Liabilities: (cont'd)*

(iv) *Liquidity Risk*:

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

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

Financial Assets		**Due within 1 Year**	**Total**
Year ended March 31, 2016			
Cash and short-term deposits	$	38,884,602	38,884,602
Investments		6,935,878	6,935,878
Accounts receivable and other assets		465,043	465,043
	$	46,285,523	46,285,523
Year ended March 31, 2015			
Cash and short-term deposits	$	25,272,346	25,272,346
Investments		3,980,279	3,980,279
Accounts receivable and other assets		357,586	357,586
	$	29,610,211	29,610,211

(Expressed in Eastern Caribbean Dollars)

5. **Financial Instruments**: *(cont'd)*

(e) Classification and Subsequent Measurement of Financial Liabilities: (cont'd)

(iv) Liquidity Risk: *(cont'd)*

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

Financial Liabilities		Due within 1 Year	>1 Year to 5 Years	Over 5 Years	Total
Year ended March 31, 2016					
Accounts payable and accruals	$	37,354,278	-	-	37,354,278
Due to Eastern Caribbean Central Bank		-	-	2,874,845	2,874,845
Pension fund		-	719,261	-	719,261
Provisions		90,064	-	-	90,064
	$	37,444,342	719,261	2,874,845	41,038,448
Year ended March 31, 2015					
Accounts payable and accruals	$	21,565,856	-	-	21,565,856
Due to Eastern Caribbean Central Bank		-	-	2,874,845	2,874,845
Pension fund		-	758,987	-	758,987
Provisions		-	34,666	-	34,666
	$	21,565,856	793,653	2,874,845	25,234,354

(v) Capital Management:

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

6. **Cash and Short-term Deposits**:

	Notes		2016	2015
Cash with Commercial Banks	13	$	38,884,427	25,271,834
Cash on hand			175	512
Total		$	38,884,602	25,272,346

Cash with Commercial Banks mainly consist of:

(i) Unclaimed securities holders' dividends, interest and maturity payments in the amount of $30,770,782 (2015: $9,253,981).

(ii) Funds held in escrow in the amount of $5,834,563 (2015: $11,659,523) representing securities holders' dividends, interest and maturity payments which are withheld for charged/pledged accounts and/or at the request of the Court.

7. **Accounts Receivable and Other Assets**:

		2016	2015
Accounts receivable	$	276,120	171,543
Prepayments		104,540	103,316
Interest receivable		84,383	82,727
	$	465,043	357,586

As at March 31, 2016, the aging of accounts receivable was as follows:

			Neither Past Due	Past Due but not Impaired	
		Total	nor Impaired	30 to 90 days	Over 90 days
2016	$	276,120	203,077	57,998	15,045
2015	$	171,543	143,826	12,900	14,817

(Expressed in Eastern Caribbean Dollars)

8. **Investments**:

		2016	2015
Certificates of Deposit	$	3,000,000	3,000,000
Treasury Bill LCB190715 at 4.00%		-	980,279
Treasury Bill DMB060416 at 6.00%		985,041	-
Treasury Bill VCB070416 at 4.82%		987,983	-
Treasury Bill LCB170416 at 4.50%		977,808	-
Treasury Bill LCB250516 at 5.99%		985,046	-
	$	6,935,878	3,980,279

Certificates of Deposit:
The certificates of deposit are held with various financial institutions within the Organisation of Eastern Caribbean States and earn interest at rates varying from 1.50% to 3.00% per annum (2015: 2.00% to 3.75%) per annum.

Treasury Bills:
The Treasury Bills represent investment in the Government of Dominica's 91-day Treasury Bill, DMB060416 at 6.00% maturing on April 6, 2016, Government of St. Vincent and the Grenadines' 91-day Treasury Bill, VCB070416 at 4.82% maturing on April 7, 2016, Government of Saint Lucia's 180-day Treasury Bill, LCB170416 at 4.50% maturing on April 17, 2016 and Government of Saint Lucia's 91-day Treasury Bill LCB250516 at 5.99% maturing on May 25, 2016.

(Expressed in Eastern Caribbean Dollars)

9. **Plant and Equipment**:

		Motor Vehicles	Computer Equipment	Furniture and Fixtures	Total
Cost:					
At March 31, 2014	$	176,000	448,687	74,344	699,031
Additions		-	455,933	-	455,933
At March 31, 2015		176,000	904,620	74,344	1,154,964
Additions		245,000	3,900	-	248,900
Disposals		(176,000)	-	-	(176,000)
At March 31, 2016	$	245,000	908,520	74,344	1,227,864
Depreciation:					
At March 31, 2014	$	122,667	407,745	66,141	596,553
Charge for the year		35,200	21,105	4,447	60,752
At March 31, 2015		157,867	428,850	70,588	657,305
Charge for the year		31,098	102,002	1,900	135,000
Written back on disposals		(176,000)	-	-	(176,000)
At March 31, 2016	$	12,965	530,852	72,488	616,305
Net Book Value:					
At March 31, 2016	$	232,035	377,668	1,856	611,559
At March 31, 2015	$	18,133	475,770	3,756	497,659

(Expressed in Eastern Caribbean Dollars)

10. **Intangible Assets**:

		2016	2015
Computer Software:			
Cost at beginning of year	$	3,486,367	2,471,284
Additions during the year		544,209	1,015,083
Cost at end of year		4,030,576	3,486,367
Accumulated amortisation – beginning of the year		2,475,791	2,445,064
Charge for the year		46,443	30,727
Accumulated amortisation – end of the year		2,522,234	2,475,791
Net Book Value	$	1,508,342	1,010,576

11. **Accounts Payable and Accruals**:

	Notes		2016	2015
Unclaimed Dividends, Interest and Maturity Payments	6(i)	$	30,770,782	9,253,981
Escrow Liability	6(ii)		5,834,563	11,659,523
Deferred Income			299,954	169,551
Due to software supplier			225,000	225,000
Holiday Pay Accrual			159,847	99,304
Accruals			56,586	136,349
Accounts Payable			7,546	22,148
		$	37,354,278	21,565,856

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

12. **Provisions**:

Provision has been made for gratuities payable to employees on completion of their contract of service to the Group. The amount of $90,064 (current) (2015: $34,666 non-current) has been provided to date.

13. **Pension Fund**:

Included in the cash balance of $38,884,427 (2015: $25,271,834) is an amount of $719,261 (2015: $758,987), (See Note 6). This amount is held pending the establishment of the ECSE Pension Fund at which time the amount will be transferred.

14. **Related Party Balances and Transactions**:

(a) *Related party:*

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

a) A person or a close member of that person's family is related to a reporting entity if that person:

   i) has control or joint control over the reporting entity;

   ii) has significant influence over the reporting entity; or

   iii) is a member of the key management personnel of the reporting entity, or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

   i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   iii) Both entities are joint ventures of the same third party.

   iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(Expressed in Eastern Caribbean Dollars)

14. **Related Party Balances and Transactions**: *(cont'd)*

(a) Related party: (cont'd)

b) An entity is related to a reporting entity if any of the following conditions applies: *(cont'd)*

vi) The entity is controlled, or jointly controlled by a person identified in (a).

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

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

a) a government that has control or joint control of, or significant influence over, the reporting entity; and

b) another entity that is a related party because the same government has control or joint control of or significant influence over, both the reporting entity and the other entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(b) Due to Eastern Caribbean Central Bank:
The amount of $2,874,845 (2015: $2,874,845) represents advances made by the Eastern Caribbean Central Bank to finance the establishment costs of the Group (See Note 15).

(c) Key Management Compensation
The salaries, fees and benefits paid to key management personnel of the Group during the year amounted to $821,824 (2015: $665,341). The following is an analysis of these amounts:

		2016	**2015**
Salaries and other short-term employee benefits	$	719,952	593,812
Post-employment benefits		101,872	71,529
	$	821,824	665,341

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

15. Additional Financial Support

Subsequent to March 31, 2016, the Eastern Caribbean Central Bank gave the following undertaking and guarantee in respect of the Group:

1. An undertaking to postpone all claims in respect of present and future funds advanced to the Group by the Eastern Caribbean Central Bank up to year ending March 31, 2016 (balance at March 31, 2016, EC$2,874,845);

2. Guarantee cover in the event of a budgeted shortfall in respect of the Group for the fiscal year ending March 31, 2017, but not to exceed EC$2,000,000.

The above undertaking and guarantee will be reviewed at March 31, 2017 and are irrevocable before this date.

(Expressed in Eastern Caribbean Dollars)

16. **Share Capital**:

		2016	2015
Authorised:			
5,000,000 Ordinary Shares of $10 each	$	50,000,000	50,000,000

Subscribed Capital:

Class	No. of Shares Issued at March 31, 2015	Shares Issued During the Year	No. of Shares Issued at March 31, 2016	Nominal Value 2016	Nominal Value 2015
Class A	300,000	-	300,000	3,000,000	3,000,000
Class B	287,500	-	287,500	2,875,000	2,875,000
Class C	370,081	-	370,081	3,700,810	3,700,810
Class D	15,000	-	15,000	150,000	150,000
	972,581	-	972,581	9,725,810	9,725,810

The classes are divided as follows:

Class A	Eastern Caribbean Central Bank;
Class B	Social Security Schemes, National Insurance Boards, Government owned or controlled institutions other than Government owned or controlled financial intermediaries;
Class C	Financial institutions;
Class D	Persons or institutions not covered in classes A to C.

(Expressed in Eastern Caribbean Dollars)

16. **Share Capital**: *(cont'd)*

Class Rights

a) Other than the Eastern Caribbean Central Bank (Class A) no single shareholder shall hold, whether beneficially or otherwise, more that 20% of the issued share capital of the Group.

b) i Classes holding 50% or more of the issued capital are allowed to nominate three (3) directors.

ii Classes holding between 20% and 49% of the issued capital are allowed to nominate two (2) directors.

iii Classes holding less than 20% of the issued capital are allowed to nominate one (1) director.

17. **Earnings per Share**:

The calculation of basic earnings per share is based on the following data:

		2016	2015
Earnings			
Net profit for the year	$	1,482,884	1,224,259
Number of Shares			
Weighted average number of Ordinary shares		972,581	972,581
Earnings per Share	$	1.52	1.26

18. **Contingent Liabilities and Capital Commitments**:

The Group has capital commitments as at March 31, 2016 of $540,000 (2015: $1,080,000) in respect of the license agreement between the Group and software suppliers, entered on February 24, 2014, for the development of a new Central Securities Depository (CSD) and trading applications.

The future payments are as follows:

		2016	2015
Not later than 1 year	$	540,000	540,000
Later than 1 year and not later than 3 years		-	540,000
	$	540,000	1,080,000

(Expressed in Eastern Caribbean Dollars)

19. **Other Income**:

		2016	**2015**
Seminar Income	$	255,150	51,705
Gain on disposal of plant and equipment		175,000	-
Other services		6,850	15,750
	$	437,000	67,455