

Financial Statements of

Eastern Caribbean Asset Management Corporation

For the period from July 22, 2016 (date of establishment) to March 31, 2017



Eastern Caribbean Asset Management Corporation

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INDEPENDENT AUDITORS' REPORT

To the Participating Governments of Eastern Caribbean Asset Management Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eastern Caribbean Asset Management Corporation ("the Corporation"), which comprise the statement of financial position as at March 31, 2017, the statements of changes in equity, profit or loss and other comprehensive income and cash flows for the period from July 22, 2016 to March 31, 2017, 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 Corporation as at March 31, 2017, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Antigua & Barbuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Participating Governments of Eastern Caribbean Asset Management Corporation

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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Participating Governments of Eastern Caribbean Asset Management Corporation

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 Corporation'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 Corporation'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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Chartered Accountants
St. John's, Antigua
October 3, 2018

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Statement of Financial Position

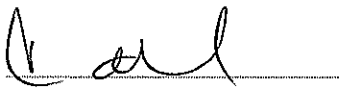
As at March 31, 2017

(Expressed in Eastern Caribbean dollars)

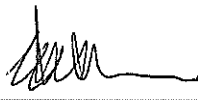
	<u>Notes</u>	<u>2017</u>
Assets		
Cash and cash equivalents	6	\$ <u>9,000,000</u>
Total assets		\$ <u><u>9,000,000</u></u>
Liabilities and Equity		
Liabilities		
Accounts payable	7	\$ <u>72,125</u>
Total liabilities		<u>72,125</u>
Equity		
Contributed capital	8	9,000,000
Accumulated deficit		<u>(72,125)</u>
Total equity		<u>8,927,875</u>
Total liabilities and equity		\$ <u><u>9,000,000</u></u>

See accompanying notes to the financial statements.

Approved for issue by the Board of Directors on 3 October 2018 and signed on its behalf by:



Director
Rosamund Edwards - Chairman



Director
Whitfield Harris

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Statement of Changes in Equity

For the period from July 22, 2016 (date of establishment) to March 31, 2017

(Expressed in Eastern Caribbean dollars)

	<u>Notes</u>	<u>Contributed capital</u>	<u>Accumulated deficit</u>	<u>Total</u>
At July 22, 2016		\$ -	-	-
Capital contributions	8	9,000,000	-	9,000,000
Comprehensive loss for the period		<u>-</u>	<u>(72,125)</u>	<u>(72,125)</u>
Balance at March 31, 2017		\$ <u>9,000,000</u>	<u>(72,125)</u>	<u>8,927,875</u>

See accompanying notes to the financial statements.

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Statement of Profit or Loss and Other Comprehensive Income

For the period from July 22, 2016 (date of establishment) to March 31, 2017

(Expressed in Eastern Caribbean dollars)

	<u>Notes</u>	<u>2017</u>
Revenue		\$ _____ -
Expenses:		
Other expenses	9	\$ <u>72,125</u>
Total expenses		<u>72,125</u>
Loss for the period, being total comprehensive loss		\$ <u><u>(72,125)</u></u>

See accompanying notes to the financial statements.

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Statement of Cash Flows

For the period from July 22, 2016 (date of establishment) to March 31, 2017

(Expressed in Eastern Caribbean dollars)

	<u>Notes</u>	<u>2017</u>
Cash flows from operating activities		
Loss for the period		\$ (72,125)
Changes in non-cash working capital balance		
Change in accounts payable		<u>72,125</u>
Net cash flows from operating activities		<u>-</u>
Cash flows from financing activity		
Capital contributions	8	<u>9,000,000</u>
Net cash flows from financing activity		<u>9,000,000</u>
Net change in cash and cash equivalents		9,000,000
Cash and cash equivalents at beginning of period		<u>-</u>
Cash and cash equivalents at end of period	6	<u>\$ 9,000,000</u>

See accompanying notes to the financial statements.

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Notes to the Financial Statements

For the period from July 22, 2016 to March 31, 2017

(Expressed in Eastern Caribbean dollars)

1. Reporting entity

Eastern Caribbean Asset Management Corporation (“the Corporation”) was established under the statute of the Eastern Caribbean Asset Management Corporation Act, 2015 (“the Act”) which was passed in each of the eight territories comprising the Eastern Caribbean Currency Union (ECCU). The eight ECCU territories are Anguilla, Antigua and Barbuda, Commonwealth of Dominica, Federation of St. Christopher and Nevis, Grenada, Montserrat, Saint Lucia and St. Vincent and the Grenadines.

The purpose of the Corporation is to:

a) Carry on the business of asset management including acquiring the whole or any part of, dealing with, managing, and disposing of assets or liabilities of approved financial institutions in an expeditious manner; and

b) Act as the receiver of a financial institution whenever appointed by the Central Bank under the Eastern Caribbean Central Bank Agreement or the Banking Act.

The Corporation was established on July 22, 2016, in Antigua and Barbuda, in accordance with Article 105 of the Eastern Caribbean Asset Management Corporation Act, 2015 and commenced operations effective July 21, 2017.

The Corporation is domiciled in Antigua and Barbuda and its principal office location is Suite 6, 7 & 8, Woods Centre, Friar’s Hill Road, St. John’s, Antigua.

Prior to the establishment of the Corporation, there existed the Resolution Trust Corporation Limited which was established under the Companies Act of St. Kitts and Nevis and registered as an external Corporation under the Laws of Antigua and Barbuda. Upon the commencement of the Eastern Caribbean Asset Management Act, 2015, all the assets and liabilities of the Resolution Trust Corporation, together with all its rights and obligations was to have been transferred to and vested in the Corporation. As at March 31, 2017, and as at the date of approval of these financial statements, the Resolution Trust Corporation Limited has not been liquidated.

2. Basis of preparation

(a) **Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were approved by the Board of Directors on October 3, 2018.

(b) **Basis of measurement**

These financial statements have been prepared under the historical cost convention.

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Notes to the Financial Statements (continued)

For the period from July 22, 2016 to March 31, 2017

(Expressed in Eastern Caribbean dollars)

2. Basis of preparation (continued)

(c) **Functional and presentation currency**

These financial statements are presented in Eastern Caribbean dollars, which is the Corporation's functional currency. All amounts have been rounded to the nearest dollar unless otherwise indicated.

(d) **Use of estimates and judgements**

The preparation of financial statements in accordance 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 may 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 estimate is revised and in any future periods affected.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) **Foreign currency translation**

Assets and liabilities denominated in currencies other than Eastern Caribbean dollars are translated into the functional currency at the exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Eastern Caribbean dollars at the rates approximating those in effect at the transaction date. Exchange differences, if any, resulting from translation are generally recognised in profit or loss.

(b) **Revenue recognition**

Revenue is income that arises in the course of the ordinary activities of the Corporation. The Corporation recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits associated with the item will flow to the entity.

(c) **Cash and cash equivalents**

Cash and cash equivalents comprise of cash at bank and are carried at cost.

4. New and revised standards that are effective in the current period

None of the new standards and interpretations or amendments to existing standards and interpretations which became effective during the period had any significant impact on these financial statements.

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Notes to the Financial Statements (continued)

For the period from July 22, 2016 to March 31, 2017

(Expressed in Eastern Caribbean dollars)

5. New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual reporting periods beginning after January 1, 2016; the following are likely to be relevant to the Corporation. The Corporation has not early-adopted any of them; accordingly, they have not been applied in preparing these financial statements.

– IFRS 9, *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The new Standard replaces IAS 39 *Financial Instruments Recognition and Measurement*.

From a classification and measurement perspective, the new standard IFRS 9, includes revised guidance on the reclassification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition 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 of 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 recognised.

The Eastern Caribbean Asset Management Corporation will apply IFRS 9 as issued in July 2014 on April 1, 2018. The Corporation is therefore in the process of determining the impact that the standard will have on its 2019 financial statements.

- IFRS 15, *Revenue from Contracts with Customers*, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and IFRIC 13, *Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Corporation 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 Corporation is assessing the potential impact on its 2019 financial statements resulting from the application of IFRS 15.

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Notes to the Financial Statements (continued)

For the period from July 22, 2016 to March 31, 2017

(Expressed in Eastern Caribbean dollars)

5. New standards, amendments and interpretations not yet adopted (continued)

- 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. Entities 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.

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

The Corporation is assessing the potential impact on its 2020 financial statements resulting from the application of IFRS 16.

6. Cash at bank

	<u>2017</u>
Eastern Caribbean Central Bank ('ECCB')	\$ <u>9,000,000</u>

Amounts held with the ECCB are non-interest bearing.

7. Accounts payable

	<u>2017</u>
Eastern Caribbean Central Bank	\$ 58,925
Directors' fees	<u>13,200</u>
	\$ <u>72,125</u>

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Notes to the Financial Statements (continued)

For the period from July 22, 2016 to March 31, 2017

(Expressed in Eastern Caribbean dollars)

8. Contributed capital

	<u>2017</u>
Authorised Capital 10,000 shares at \$10,000 each	100,000,000

Contributed Capital consists of contributions from Participating Governments of the Eastern Caribbean Currency Union. During the period, the following contributions were made by the Participating Governments:

	<u>2017</u>
Antigua and Barbuda	1,500,000
Grenada	1,500,000
Montserrat	1,500,000
Saint Lucia	1,500,000
St. Kitts and Nevis	1,500,000
St. Vincent and the Grenadines	<u>1,500,000</u>
Total	<u><u>9,000,000</u></u>

Article 95 of the Eastern Caribbean Asset Management Corporation Act, 2015 states that shares of the Corporation shall be allotted to the Participating Governments in proportion to their respective contribution to share capital. As at March 31, 2017, and as at the date of approval of these financial statements, share certificates have not been issued to the Participating Governments.

9. Other expenses

	<u>2017</u>
Directors' fees	\$ 39,800
Recruitment costs	<u>32,325</u>
	\$ <u><u>72,125</u></u>

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Notes to the Financial Statements (continued)

For the period from July 22, 2016 to March 31, 2017

(Expressed in Eastern Caribbean dollars)

10. Related party balances and transactions

Related party definition

A related party is a person or entity that is related to the Corporation.

- (a) A person or a close member of that person's family is related to the Corporation if that person:
- (i) has control or joint control of the Corporation;
 - (ii) has significant influence over the Corporation; or
 - (iii) is a member of the key management personnel of the Corporation or of a parent of the Corporation.
- (b) An entity is related to the Corporation if any of the following conditions applies:
- (i) The entity and the Corporation 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 Corporation or an entity related to the Corporation.
 - (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).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Corporation or to the parent of the Corporation.

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

Related party transactions

Significant transactions with related parties during the period were as follows:

Directors' Fees

The Directors' fees for the period ended March 31, 2017 was \$39,800. Amounts payable at the reporting date are included in accounts payable in the statement of financial position.

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Notes to the Financial Statements (continued)

For the period from July 22, 2016 to March 31, 2017

(Expressed in Eastern Caribbean dollars)

11. Taxation exemption

The Corporation was granted an exemption from all taxes by virtue of Article 99. (4) of the Eastern Caribbean Asset Management Corporation Act, 2015.

12. Subsequent events

(i) *Appointment as Receiver*

On July 18, 2017, the Eastern Caribbean Asset Management Corporation was appointed by the Eastern Caribbean Central Bank, as the Receiver of the ABI Bank Ltd, effective July 21, 2017.

(ii) *Lease*

The Corporation entered into a rental contract with Vertex Holdings Limited on July 24, 2017, for a period of three (3) years, for the rental of its office space, which expires on July 23, 2020. The agreed monthly office space rental is \$11,934 tax exclusive.