



**CariCRIS**

Caribbean Information & Credit Rating Services Limited

**ANNUAL REPORT 2016**  
**BUILDING SUSTAINABILITY**



# Contents

About Us	→	2
Chairman's Statement	→	3
Chief Executive Officer's Report	→	4-5
Board of Directors	→	6-8
Rating Committee	→	9-10
Management Team	→	11
CariCRIS Events	→	12
Audited Financial Statements	→	13-40



## About Us

Caribbean Information and Credit Rating Services Limited (CariCRIS) is the Caribbean's leading credit rating agency, with shareholding by regional Central Banks, several major regional commercial banks, and CRISIL, an associate company of the globally-recognized rating agency Standard & Poor's.

CariCRIS provides to bond issuers, investors and financial market regulators, national as well as regional scale credit ratings which measure the relative creditworthiness of entities in individual countries as well as the Caribbean as a whole. Apart from supporting the debt-raising efforts of entities in the region, CariCRIS' credit ratings facilitate a more scientific and risk-based approach to investment decision-making, bond pricing and determination of capital requirements, making the institution a critical part of the capital market infrastructure in the region.

The comprehensive rating reports accompanying CariCRIS' credit ratings provide credible independent analysis and opinion, thereby enabling more informed financial decisions and removing information asymmetry from the region's financial markets.

## Mission

To contribute to the development of a vibrant, integrated Caribbean capital market by setting the highest standards of credible independent analysis and opinion to enable informed financial decisions.

## Core Values

- Integrity
- Independence
- Analytical rigour
- Teamwork

# Chairman's Statement



Terrence Martins  
*Chairman*

Dear Shareholders

Global economic recovery continued in 2015, but at a slower pace than expected. Global growth fell to 3.1% from 3.4% in 2014, driven primarily by the slowdown in China and low commodity prices. Caribbean economies consequently remained under strain and overall issue of new debt securities remained muted. Notwithstanding these difficult conditions, I am pleased to report that Caribbean Information and Credit Rating Services Limited (CariCRIS) performed creditably. Total revenue grew by 9.2% to USD1,165,834 and profit before tax increased by 59.1% to USD81,973.

During the year, in addition to expanding its core business of assigning independent credit ratings to bond issues and corporate entities across the Caribbean, the institution continued its role of providing valuations of bonds, addressing the need for independence and uniformity in the pricing of regional fixed income securities. CariCRIS also executed several credit risk training programmes across the region, hosting a workshop in Suriname for the first time. The resultant improvement in the analytical skills of the finance executives and risk analysts that attend will lead to more informed credit and investment decision-making in the market.

Looking ahead, while global growth over the next 2 years is expected to be marginally higher than in 2015, many downside risks prevail. The performance of Caribbean economies is

expected to be mixed, with slight improvement in the tourism-dominated countries, and continued contraction in the net exporters of commodities. This will have a dampening effect on the demand for new ratings. Conversely, progress with the implementation of new risk-based capital regulatory regimes can increase demand for credit ratings which will redound to the benefit of the company.

During the year Mr. Gillmore Hoefdraad resigned from the board due to his appointment as the Minister of Finance in the Government of the Republic of Suriname. On behalf of the other board members, I extend sincere thanks to Mr. Hoefdraad for his contribution over the past 4 years. I thank the members of the board and the rating committee of CariCRIS for their significant contribution to this important capital market development organization. I also thank our shareholders for their continued support, our valuable clients and institutional investors for the confidence placed in our organisation, and our management and staff for their dedication and commitment to excellence.

A handwritten signature in black ink that reads "T. Martins". The signature is fluid and cursive.

Terrence Martins  
Chairman

15 June 2016

# Chief Executive Officer's Report



Wayne Dass  
Chief Executive Officer

Caribbean Information and Credit Rating Services Limited (CariCRIS) produced good overall results in 2015, despite a challenging operating environment. The total entities rated since inception increased by 6.1% in the year to 156. Ratings subject to annual reviews increased by 11.8% to 38. Our ratings span diverse sectors including banking and financial services, oil and gas, manufacturing, retail and distribution, tourism and property development. The rated entities are in 15 countries across the Caribbean, reflective of our wide regional presence.

## Financial Performance

Total revenue for the year ended 31 March 2016 grew by 9.2% to USD1,165,834, compared to USD1,067,801 in the prior year. This increase in total revenue resulted primarily from material increases in income from Training Programmes and from Bond Valuation Services (161% taken together), which more than offset a 5.1% decline in Rating and Surveillance income. Total expenses increased by 6.7% to USD1,083,861 from USD1,016,289 in the prior year. As a result, the company turned a profit before tax of USD81,973, this being the second consecutive year of profits. Profit after tax was USD77,604 representing a 58.3% increase over the prior year after tax profit of USD49,017. Consequently, the company's Net Shareholders' Equity grew by 7.9% to USD1,057,256 as at 31 March 2016. Our performance in FY 2015/16 marked another important

year of progress in our path to sustainability. Charts 1 to 4 below summarise our financial performance over the past 5 years.

## Capital Market Development

CariCRIS, through our credit risk training programmes, plays a key role in raising the level of analytical skills of risk and finance professionals across the region. During the year we hosted successful risk workshops in Jamaica, Antigua, Trinidad and Tobago, Guyana and Saint Kitts (in partnership with the Eastern Caribbean Securities Exchange), and held our inaugural workshop in Suriname in partnership with the Central Bank of Suriname.

Also during the year, we leveraged our partnership with CRISIL, the leading rating agency in India and a subsidiary of the globally-recognised rating agency Standard and Poor's, to host an Advanced Corporate Credit Risk Analysis workshop in Trinidad. This was facilitated by a highly experienced credit risk expert, Mr Pawan Agrawal, CRISIL's Chief Analytical Officer. Further, we partnered with FitchLearning, the training arm of the globally-recognised Fitch Ratings Group, to host a workshop in Trinidad on Early Warning Signals in Insurance Companies. Both workshops were well-attended by senior executives from insurance companies, banks and finance companies, as well as the Central Banks and other financial regulatory agencies

across the region. We will expand these workshop offerings in the years ahead based on the needs of the market, facilitating high-level, cutting-edge training from global and regional experts to our investment professionals in the Caribbean.

CariCRIS has embarked on a programme of State Enterprise Ratings on behalf of the Government of the Republic of Trinidad and Tobago, with a view to improving transparency in the state enterprise sector and enabling selected enterprises to attract investment and/or raise capital on their own accord. During the year 4 more entities were rated bringing the total rated to date to 8.

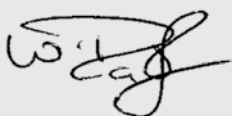
We also expanded our bond valuation service during the year, serving as an expert source of independent fair value prices for illiquid fixed-income securities issued in the Caribbean. We are of the view that all mutual funds/collective investment schemes with fixed income securities that are offered in the region, should adopt the best practice of independent and standardised pricing of the securities, so as to arrive at a more accurate and transparent calculation of Net Asset Values. We believe that this can lead to a stronger and more vibrant mutual fund industry, which is essential for the growth and development of any capital market.

### The Year Ahead

The general consensus is for continued muted growth in the world economy in 2016, with significant downside risks. The fortunes of Caribbean economies appear to be mixed but overall flat. In these circumstances, new debt offerings for rating may be subdued. On the regulatory front, implementation of Basel 2 & 3 capital standards by the banks, as well as the passage of the new Insurance Bill in Trinidad and Tobago with risk-based capital requirements, should boost the demand for ratings.

### Acknowledgement

I sincerely thank our board of directors and the rating committee members for their continued contribution to the building of CariCRIS. I also thank our clients and the institutional investors for their ongoing support and most importantly I extend my deepest appreciation to our valuable team members for their tremendous effort over the past year.



Wayne Dass, CFA  
Chief Executive Officer

15 June 2016

Chart 1: Total Income in US\$

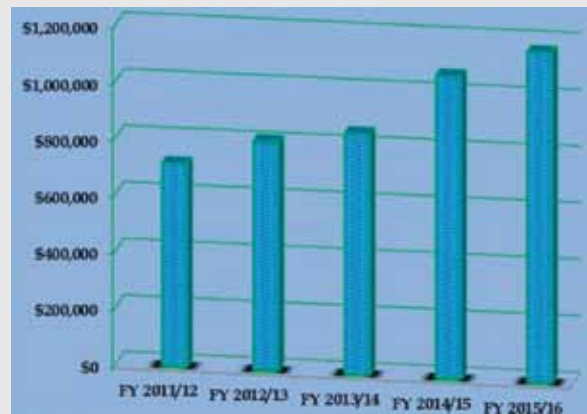


Chart 2: Total Expenses in US\$

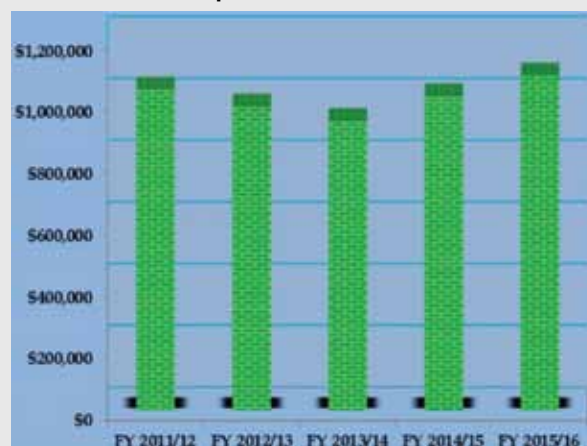
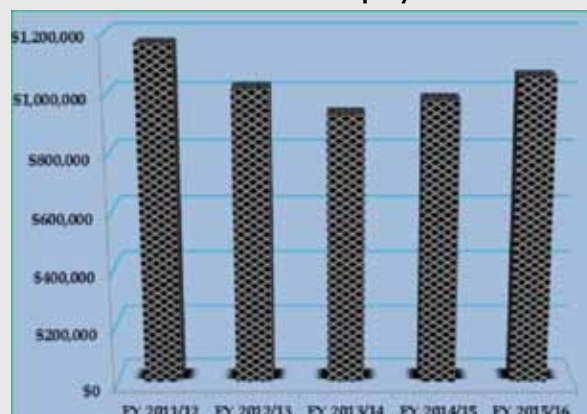


Chart 3: Net Profit/ (Loss) in US\$



Chart 4: Net Shareholders' Equity in US\$



## Board of Directors

### MR. TERRENCE MARTINS - CHAIRMAN



Mr. Terrence Martins is a former Group Chief Executive Officer of RBTT Financial Holdings Limited. With over 40 years' experience in the financial services industry, both in the Caribbean and the United Kingdom, he brings considerable knowledge and experience in banking, finance, administration, corporate governance and risk management. He held several directorships within the RBTT Financial Holdings Group, both inside and outside of Trinidad & Tobago. He was also a former independent director on the boards of Sagicor Life Inc. and Sagicor Financial Corporation, and served as non-executive Chairman of Sagicor Financial Corporation from 2007 to 2009.

### MR. RONALD F. deC. HARFORD - DIRECTOR



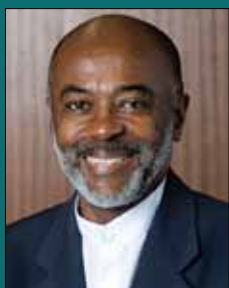
Mr. Ronald F. deC. Harford, Chairman of Republic Financial Holdings Limited, is a career banker, who has celebrated over 52 years of service with Republic Bank Limited. He is a Fellow of the UK Chartered Institute of Bankers, the Institute of Banking of Trinidad and Tobago and the Caribbean Association of Banking and Finance. He is the Deputy Chairman of the Arthur Lok Jack Graduate School of Business, University of the West Indies (UWI), and a former Director of the Grenada Industrial Corporation. He is a past President of the Bankers Association of Trinidad and Tobago and the Trinidad & Tobago Red Cross Society, and the former Chairman of The UWI Development and Endowment Fund. Mr. Harford was awarded the Chaconia Medal Gold by the Government of Trinidad & Tobago in 2010 for his meritorious contribution to banking and the business community.

### MR. PATRICK HYLTON - DIRECTOR



Mr. Patrick Hylton is the Group Managing Director of Jamaica's largest commercial bank, the National Commercial Bank Jamaica Limited (NCB). His wealth of experience in the financial services industry propelled him to the position of Managing Director of the Financial Sector Adjustment Company (FINSAC). His successful completion of that undertaking culminated in the national award of the Order of Distinction, Commander Class, being bestowed on him by the Prime Minister and Governor General of Jamaica in 2002. Mr. Hylton is an Honours Graduate in Business Administration and an Associate of the Chartered Institute of Bankers (ACIB), London. He is a Past President of the Jamaica Bankers Association and the Chairman of the Mona School of Business and Management. Mr. Hylton is also a Non-Executive Director of the regional conglomerate Massy Holdings Limited.

### MR. HAROLD CODRINGTON - DIRECTOR



Mr. Harold Codrington is the Deputy Governor of the Central Bank of Barbados. He graduated with a B.Sc. (Economics) from the University of the West Indies in 1977 and went on to obtain a Master's Degree in Economics from York University, Toronto, Canada in 1979. He was also a Fulbright Scholar at George Washington University in Washington D.C. A highly experienced economist, Mr. Codrington has impacted the regional financial system through his roles as Economist in the Ministry of Finance and Planning, and as Deputy Governor of the Central Bank of Barbados. Mr. Codrington is Deputy Chairman of the Transport Authority in Barbados and a member of the board of the Congress of Political Economists International.



### **MR. VENKATARAMAN SANKARANARAYANAN - DIRECTOR**

Mr. Venkataraman Sankaranarayanan is currently a Doctoral student in Strategic Management at the Indian Institute of Management Calcutta, and a visiting doctoral student scholar at Cornell University, USA. Mr Sankaranarayanan was formerly a Senior Director at CRISIL Ltd, the largest rating agency in India and a subsidiary of the globally-recognised rating agency Standard & Poor's. He was part of the core management team which decides and oversees implementation of all group-wide strategies covering business and key stakeholder relations and a member of CRISIL's Rating/ Grading Committee. Over a span of 20 years, Mr Sankaranarayanan led various businesses within CRISIL and garnered extensive experience in credit ratings, advisory services, equity gradings, risk management, credit risk models, business restructuring, valuation, infrastructure privatisation, securitisation and corporate governance evaluation. From 2004-2007, he was the Chief Executive Officer and Chief Rating Officer of CariCRIS, the world's first regional rating agency.



### **MS. VASHTIE DOOKIESINGH - DIRECTOR**

Ms Vashtie Dookiesingh is the Senior Specialist at the Multilateral Investment Fund, a member of the Inter-American Development Bank Group. Ms Dookiesingh's career experience spans over 26 years in professional service delivery to a range of organisations in Trinidad and Tobago and the wider Caribbean, comprised of 13 years in the private sector and 13 with the Inter-American Development Bank. In her role at the IDB, she is responsible for the design and supervision/oversight of investments, loans and technical co-operation (grants) financed by the Multilateral Investment Fund to support private sector development in Trinidad and Tobago and Barbados, and she also supports identification and design of projects in Guyana and Suriname. Ms Dookiesingh has a BA in Economics (Distinction) from McGill University, Canada and an Executive Masters in Business Administration (Distinction) from UWI,IOB.



### **MR. PAWAN AGRAWAL - DIRECTOR**

Mr. Pawan Agrawal is the Chief Analytical Officer - Ratings, at CRISIL Limited, the largest rating agency in India. In his current role, Mr Agrawal is responsible for maintaining analytical quality in the ratings business and for enhancing CRISIL's franchise through thought leadership and outreach. He also chairs CRISIL's rating committee. In his previous role, Mr Agrawal led analytical teams assigning ratings to large Indian companies in the manufacturing, infrastructure, financial, and structured finance sectors. He also led the operations at CRISIL's Global Analytical Center (GAC), which provides support to Standard & Poor's global analytical and data teams in enhancing workflow efficiencies, undertaking high-end analytical research, and executing complex modelling assignments. Mr Agrawal holds a post graduate diploma in management from the Xavier Institute of Management, Bhubaneshwar and an engineering degree from the Malaviya National Institute of Technology, Jaipur.



### **MR. GLENN H. GERSIE - DIRECTOR**

Mr. Glenn H. Gersie was appointed to the position of Governor of the Central Bank of Suriname on 01 February 2016. Mr. Gersie is an experienced central banker and well known within the financial sector in Suriname. Having joined the Central Bank in the mid-eighties, he served the Bank in several positions before his appointment as Governor, including as Director of Monetary and Economic Affairs for approximately 16 years. Mr. Gersie has also served on several committees on behalf of the Government of Suriname, including as Chairperson of the Board of the Credit Guarantee Fund in Suriname and as a board member of the National Planning Office. Mr Gersie holds a Master Degree in Economics and was a lecturer at the Anton de Kom University of Suriname in the early nineties.





### **MRS. NICOLE CROOKS - DIRECTOR**

Mrs. Nicole Crooks is the Senior Manager, Human Resources & Knowledge Management at the Central Bank of Trinidad and Tobago. Mrs. Crooks has been with the Bank for the past twelve years. She has a proven track record at the senior management level and is an experienced human resource practitioner with close to twenty-five years of experience in the field. Her experience spans diverse organisations in the financial, energy and manufacturing sectors, in both unionised and non-unionised companies. Mrs. Crooks has a BSc in Management Studies (Upper Second Class Honours) from the University of the West Indies and a Postgraduate Advanced Diploma in Human Resource Management from UWI/IOB, graduating with Distinction and as the Top Student of the 1995 Cohort.



### **MR. PETER BLACKMAN - DIRECTOR**

Mr. Peter Blackman is currently the Manager of private sector operations at the Caribbean Development Bank. In this role he has direct responsibility for activities related to the provision of credit and technical assistance programmes aimed at facilitating the development of SMEs, as well as contributing to interventions such as low income housing finance and student loan programmes that contribute to social and economic development. Mr. Blackman's career experience includes commercial and development banking as well as investment promotion. Mr. Blackman is a graduate of the University of the West Indies in Management Studies (Honours) and Warwick Business School in the UK, where he attained a Masters in Business Administration. He also received post graduate training from John F. Kennedy's School of Management, Harvard Business School, in Managing Financial Institutions for Private Enterprise Development.

# Rating Committee



## **MR. MARIUS ST. ROSE – CHAIRMAN**

Mr. Marius St. Rose is a citizen of Saint Lucia and the current Chairman of CariCRIS' Credit Rating Committee. Mr St. Rose also chairs several other bodies including the Resolution Trust Corporation (ECCB), the OECS Pension Reform Commission (ECCB), the OECS Public Expenditure Review Commission, and the Saint Lucia Tribunal of Income Tax Appeal Commissioners. He is a director of Emera Barbados Holdings and a Member of the UWI Vice Chancellors Selection Committee for Distinguished Academics. Specialising in Economics and Management, Mr. St. Rose is a former Group Managing Director of Bank of Saint Lucia Limited and a former Senior Vice President (Operations) of the Caribbean Development Bank, with responsibility for the Departments of Economics and Programming, Projects, and Corporate Policy and Planning.



## **MR. WILLIAM P. LUCIE-SMITH - MEMBER**

William P. Lucie-Smith is a retired Senior Partner of PriceWaterhouseCoopers Trinidad where he headed its Corporate Finance and Recoveries practice. A Chartered Accountant by profession, Mr. Lucie-Smith holds an MA in Philosophy, Politics and Economics from Oxford University. He has extensive experience in mergers and acquisitions, valuation and taxation. Mr. Lucie-Smith currently serves as a Non-Executive Director on a number of Boards including Republic Financial Holdings Limited, Massy Holdings Limited and Sagicor Financial Corporation.



## **MR. RICHARD DOWNER - MEMBER**

Mr Richard Downer, CD, FCA is a former senior partner of PricewaterhouseCoopers Jamaica and has served on a number of boards of directors in the private and government sectors in Jamaica in finance, tourism, agriculture and education. He acted as agent of the Minister of Finance as temporary manager for several failed financial institutions in the 1990s, and in the 1980s he was the Executive Director of a decision support unit at the Office of the Prime Minister. Currently he is a member of the boards of Sagicor Group Jamaica Limited and Sagicor Life Jamaica Limited where he is Chairman of the Audit Committees and he is a director of Dolphin Cove Limited.



## **MR DWIGHT RICHARDSON - MEMBER**

Mr Dwight Richardson has extensive experience in banking, finance and management. He is a former Alternate Director, General Manager Finance and Member of the Executive Committee of The Bank of Nova Scotia Jamaica Limited. He was also a member of the Board of several banking and insurance subsidiaries of that bank as well as Chairman of the Jamaica Bankers Association Technical Committee. Mr Richardson is currently a member of the board of Signia Financial Group Inc., and Grace Kennedy General Insurance Company Limited.



#### **DR. TERRENCE W. FARRELL - MEMBER**

Terrence W. Farrell is Principal of Farrell Law and Mediation and the Principal Consultant of Terrayanna Investments Limited. He served on the Board of Directors of Republic Bank Limited from 2008 to 2015 and is currently a member of the Board of Republic Financial Holdings Limited. He is also a Director of Eastern Caribbean Financial Holdings Limited. Dr. Farrell is a former Deputy Governor of the Central Bank of Trinidad and Tobago. Within the private sector, he held senior executive positions at Guardian Holdings Limited and One Caribbean Media Limited (Group Chief Executive Officer). He studied Economics at the University of the West Indies and obtained his PhD at the University of Toronto in 1979. He also holds an LLB (London) degree as well as the LEC (Hugh Wooding Law School). He is a Fellow of the Institute of Banking and Finance of Trinidad and Tobago.



#### **DR. ROLPH BALGOBIN - MEMBER**

Dr. Rolph Balgobin is Executive Chairman of Quicksilver Convenience Limited. He is a Non-Executive Director of the Massy Group, the NGC Distinguished Fellow in Innovation and Entrepreneurship at the University of the West Indies (UWI), a Director of the Arthur Lok Jack Graduate School of Business and President of the Trinidad and Tobago Manufacturers' Association (TTMA). He is currently a member of the Economic Development Advisory Board for Trinidad and Tobago, and a member of a Cabinet-appointed team to review and make recommendations on the performance of State Enterprises. Dr. Balgobin holds degrees from the UWI, the University of Cambridge as well as Manchester University. He holds a certificate in corporate governance from the Caribbean Corporate Governance Institute and a postgraduate diploma in Corporate Governance from ACCA.



#### **MR. BEN ARRINDELL - MEMBER**

Mr. Ben Arrindell is a retired partner from Ernst & Young. From 1994 to 2009, he was the International Tax Partner and Country Leader for Barbados (2000 to 2009) as well as a member of the Board of Directors of the Ernst & Young integrated Caribbean firm encompassing Barbados, BVI, Jamaica, Trinidad & Tobago, the OECS and the Netherland Antilles. His experience includes development of the Ernst & Young tax practice in the Caribbean and management of the Ernst & Young operations in Barbados and the BVI. Mr. Arrindell attended the London Metropolitan University in London, England and holds a Diploma in English Law. He has been a consultant to the Government of Barbados for the past 17 years as technical advisor participating in tax treaty negotiations with several countries including Canada, Cuba, USA, Italy and Spain.



#### **MR. WAYNE DASS - MEMBER**

Mr. Wayne Dass is the Chief Executive Officer of Caribbean Information and Credit Rating Services Limited (CariCRIS). Wayne has garnered over twenty-five years' combined experience in engineering and financial markets, and built specific expertise over the past 15 years in credit risk assessment, financial risk management and investment management. Prior to joining CariCRIS, Wayne held senior leadership positions in prominent regional financial institutions. Over the past 9 years, Wayne has successfully led the expansion and development of CariCRIS, and under his leadership, CariCRIS is now well established throughout the region with a solid track record for independence and integrity in its ratings. Wayne holds BSc. and MSc. Degrees in Engineering and is a Chartered Financial Analyst (CFA) charter-holder.

## Management Team



**WAYNE DASS**, B.Sc., M.Sc., CFA  
CHIEF EXECUTIVE OFFICER



**ANDRE JOSEPH**, B.Sc., MBA  
SENIOR MANAGER RATINGS



**NICOLE BUDD**, MBA, FCCA, CA  
MANAGER FINANCE & ADMIN



**STEFAN FORTUNE**, B.Sc., M.Sc.  
MANAGER RATINGS



**KATHRYN BUDHOORAM**,  
B.Sc., MBA, PMP  
MANAGER RATINGS

## Staff



**Back Row L-R:** Kerryn DeLandro- Office Assistant; Anelia Oudit-Rating Analyst; Prudence Charles-Administrative Supervisor; Stefan Fortune -Manager, Ratings; Tamika-Diandra Joseph – Junior Rating Analyst; Sadé Shari St. Louis-Junior Rating Analyst; Wayne Dass – Chief Executive Officer; Myles Phillips-Junior Rating Analyst; Nicole Budd- Manager, Finance & Administration; Andre Joseph-Senior Manager, Ratings; Sheena Regis-Senior Rating Analyst; Sita Sonnyram-Administrative Assistant; Edward Jankey-Senior Rating Analyst, Keisha Antoine-Accounting Assistant.

**Front Row L-R:** Michelle Kandasammy-Rating Analyst; Kathryn Budhooram-Manager, Ratings; Shannon Seebran-Research Associate; Nadia Ramraj-Rating Analyst.

# Family Day 2015 - Pigeon Point, Tobago



# CariCRIS' Long Service Award - December, 2015

Kathryn Budhooram - 5 years

Prudence Charles - 10 years



# Credit Risk Training





Audited Financial Statements of  
**CARIBBEAN INFORMATION AND  
CREDIT RATING SERVICES LIMITED**

March 31, 2016  
(Expressed in United States Dollars)

Caribbean Information & Credit Rating Services Limited  
**ANNUAL REPORT 2016**





# CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

March 31, 2016

---

<b>Contents</b>	<b>Page</b>
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 – 26



**KPMG**

**Chartered Accountants**

Trinre Building  
69-71 Edward Street  
P.O. Box 1328  
Port of Spain  
Trinidad and Tobago, WI

Telephone 868 623 1081  
Fax 868 623 1084  
e-Mail kpmg@kpmg.co.tt

**Independent Auditors' Report to the Shareholders of  
Caribbean Information and Credit Rating Services Limited**

We have audited the accompanying financial statements of Caribbean Information and Credit Rating Services Limited (the "Company"), which comprise the statement of financial position as at March 31, 2016 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's responsibility for the financial statements***

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

***Auditors' responsibility***

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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





*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Caribbean Information and Credit Rating Services Limited as of March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

K P M G

Chartered Accountants

June 10, 2016  
Port of Spain  
Trinidad and Tobago

# CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

## Statement of Financial Position

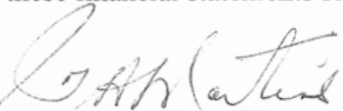
March 31, 2016

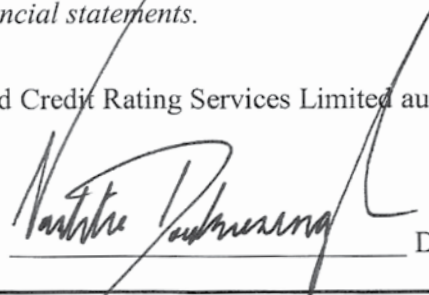
(Expressed in United States Dollars)

	Notes	2016	2015
		\$	\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	10,827	11,101
Deferred tax asset, net	5	6,304	7,392
Receivables and other assets	6	13,935	13,935
Repurchase agreements	7	499,797	412,979
Tax recoverable		10	119
		<u>530,873</u>	<u>445,526</u>
<b>Current assets</b>			
Receivables and other assets	6	211,818	181,305
Cash and cash equivalents	8	442,380	497,910
		<u>654,198</u>	<u>679,215</u>
<b>Total Assets</b>		<u>1,185,071</u>	<u>1,124,741</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Deferred revenue		18,857	31,875
Accrued expenses and other liabilities	9	108,924	112,540
Taxation payable		34	674
		<u>127,815</u>	<u>145,089</u>
<b>Shareholders' equity</b>			
Share capital	10	4,561,688	4,561,688
Accumulated deficit		(3,504,432)	(3,582,036)
		<u>1,057,256</u>	<u>979,652</u>
<b>Total liabilities and equity</b>		<u>1,185,071</u>	<u>1,124,741</u>

The accompanying notes are an integral part of these financial statements.

On June 10, 2016, the Board of Caribbean Information and Credit Rating Services Limited authorised these financial statements for issue.

 Director

 Director

# CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

## Statement of Comprehensive Income

Year ended March 31, 2016

*(Expressed in United States Dollars)*

	Notes	2016	2015
		\$	\$
<b>Revenue</b>	11	1,155,906	1,055,738
Direct operating expenses	12	<u>(482,801)</u>	<u>(425,537)</u>
<b>Gross profit</b>		673,105	630,201
Other operating and administrative expenses	12	<u>(598,584)</u>	<u>(588,297)</u>
<b>Profit from operations before net finance income</b>		<u>74,521</u>	<u>41,904</u>
Finance income		9,928	12,063
Finance cost		<u>(2,476)</u>	<u>(2,455)</u>
<b>Net finance income</b>		<u>7,452</u>	<u>9,608</u>
<b>Profit before taxation</b>		81,973	51,512
Taxation		<u>(4,369)</u>	<u>(2,495)</u>
<b>Net profit being total comprehensive profit for the year</b>		<u><u>77,604</u></u>	<u><u>49,017</u></u>

*The accompanying notes are an integral part of these financial statements.*

## CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

### Statement of Changes in Equity

Year ended March 31, 2016

*(Expressed in United States Dollars)*

	<b>Share Capital</b>	<b>Accumulated Deficit</b>	<b>Total Shareholders' Equity</b>
	\$	\$	\$
<b>Year ended March 31, 2015</b>			
Balance at April 1, 2014	4,561,688	(3,631,053)	930,635
Total comprehensive income for the year	-	49,017	49,017
Balance at March 31, 2015	<u>4,561,688</u>	<u>(3,582,036)</u>	<u>979,652</u>
<b>Year ended March 31, 2016</b>			
Balance at April 1, 2015	4,561,688	(3,582,036)	979,652
Total comprehensive income for the year	-	77,604	77,604
Balance at March 31, 2016	<u>4,561,688</u>	<u>(3,504,432)</u>	<u>1,057,256</u>

*The accompanying notes are an integral part of these financial statements.*

# CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

## Statement of Cash Flows

Year ended March 31, 2016

*(Expressed in United States Dollars)*

	Note	2016	2015
		\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit before taxation		81,973	51,512
Adjustments to reconcile profit to net cash generated from operating activities:			
Depreciation		<u>7,700</u>	<u>9,911</u>
		89,673	61,423
<b>Changes in operating assets and liabilities</b>			
Change in receivables and other prepayments		(30,513)	159,547
Change in accrued expenses and other liabilities		(3,650)	22,709
Change in deferred revenue		<u>(13,018)</u>	<u>(63,980)</u>
<b>Cash generated from operations</b>		42,492	179,699
Tax paid		<u>(3,778)</u>	<u>(2,196)</u>
<b>Net cash from operating activities</b>		<u>38,714</u>	<u>177,503</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(7,426)	(8,750)
Change in repurchase agreements		<u>(86,818)</u>	<u>(6,854)</u>
<b>Net cash used in investing activities</b>		<u>(94,244)</u>	<u>(15,604)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		(55,530)	161,899
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>497,910</u>	<u>336,011</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	8	<u>442,380</u>	<u>497,910</u>

*The accompanying notes are an integral part of these financial statements.*

# CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2016

*(Expressed in United States Dollars)*

---

## 1. Incorporation and Principal Activity

The Company is incorporated in Trinidad and Tobago and its principal business includes performing the function of an independent credit rating agency for the region.

The Company's registered office is 3<sup>rd</sup> Floor, Furness House, 90 Independence Square, Port of Spain, Trinidad and Tobago.

## 2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

### *(a) Basis of preparation*

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention.

Management has considered the going concern assumption to be appropriate in light of the continued support of its shareholders of its mission, its adequate capitalization level and the material improvement in the Company's business outlook, evidenced by the profits recorded by the Company in the past two years.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. There are no areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements that would require disclosure.

### *(b) Foreign currencies*

#### *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States dollars, which is the Company's functional and presentation currency.

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange 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 statement of comprehensive income.

# CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

## Notes to the Financial Statements

March 31, 2016

*(Expressed in United States Dollars)*

---

### 2. Summary of Significant Accounting Policies (continued)

#### *(c) Property and equipment*

All property and equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line method at rates estimated to write down the cost of such assets, to their residual values over their useful lives as follows:

Improvements to leasehold property	-	4 years
Computer equipment	-	3 years
Office equipment	-	4 years
Furniture and fixture	-	4 years
Motor vehicles	-	4 years

The assets' residual value and useful lives are reviewed and adjusted if appropriate at each statement of financial position date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

Repairs and maintenance are charged to the statement of comprehensive income when the expenditure is incurred.

#### *d) Fair values of financial assets and liabilities*

Financial assets and liabilities are presented on the statement of financial position at their carrying amounts which is not significantly different from their fair value.

#### *e) Repurchase agreements*

Securities purchased under repurchase agreements are backed by debt instruments issued by a borrower such as a private Corporation or the Government. Interest is accrued at a fixed rate over the period the instrument is held.

#### *f) Receivables and other prepayments*

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

**2. Summary of Significant Accounting Policies (continued)**

***g) Cash and cash equivalents***

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and on hand, and investment in money market securities with original maturities of three months or less.

***h) Share capital***

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

***i) Accrued expenses and other liabilities***

Accrued expenses and other liabilities are recognised initially at fair value and subsequently remeasured at amortised cost.

***j) Current and deferred taxes***

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the year end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the year end and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The temporary difference arises from the difference between the accounting and tax treatment of depreciation on equipment, deferred revenue and tax losses carried forward.

Deferred tax assets are recognised for carried forward tax losses where it is probable that future taxable profit will be available against which the temporary differences can be utilised.





# CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2016

*(Expressed in United States Dollars)*

---

## 2. Summary of Significant Accounting Policies (continued)

### *k) Employee benefits*

#### *(a) Termination benefits*

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. However, there are no benefits falling due as at the year end.

#### *(b) Employee bonus*

The Company recognises a liability and an expense for bonuses on the accruals basis.

### *l) Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

### *m) Revenue recognition*

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, refunds and discounts.

**2. Summary of Significant Accounting Policies** (continued)

**m) Revenue recognition** (continued)

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the service have been resolved.

*(a) Rating income*

Initial rating income is recognised when ratings are completed, reviewed and approved by the rating committee on an accruals basis.

*(b) Surveillance income*

Surveillance income is recognised on an accrual basis one year following acceptance of the initial rating – whether or not there is a change to the rating – after an annual review is conducted.

*(c) Training income*

Training income is recognised on completion of the training program on an accruals basis.

*(d) Bond valuation, portfolio review and other technical services*

Income from bond valuation service, portfolio review service and other technical services is recognised on delivery of the service on an accruals basis.

*(e) Finance income*

Finance income is recognised on a time-proportion basis using the effective interest method.

**n) Leases**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

**2. Summary of Significant Accounting Policies (continued)**

***o) Deferred revenue***

Deferred revenue relates to amounts paid in advance by customers for work to be performed by the Company. These amounts are recognised in income when the relevant service is provided to the customer.

***p) New, revised and amended standards and interpretations***

*New, revised and amended standards and interpretations that became effective during the year*

*Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Company has assessed them and has adopted those which are relevant to its financial statements:*

- *Improvements to IFRS 2010-2012 and 2011-2013 cycles* contain amendments to certain standards and interpretations, the main amendments applicable to the Company are as follows:
    - 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;
  - *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.
-

**2. Summary of Significant Accounting Policies** (continued)

**New, revised and amended standards and interpretations** (continued)

*p) New, revised and amended standards and interpretations that became effective during the year (continued)*

- 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.

*New, revised and amended standards and interpretations 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 Company has not early-adopted. The Company has assessed the relevance of all such new standards, amendments and interpretations with respect to the Company's operations and has determined that the following are likely to have an effect on the 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;
  - specific criteria is 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.

**2. Summary of Significant Accounting Policies (continued)**

**New, revised and amended standards and interpretations (continued):**

**p) *New, revised and amended standards and interpretations not yet effective (continued)***

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

- *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 Company are as follows:
- 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.

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

**2. Summary of Significant Accounting Policies (continued)**

**New, revised and amended standards and interpretations (continued):**

*p) New, revised and amended standards and interpretations not yet effective (continued)*

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

- 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 Company is assessing the impact that this amendment will have on its 2020 financial statements.

# CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

## Notes to the Financial Statements

March 31, 2016

*(Expressed in United States Dollars)*

### 3. Financial Risk Management

#### Financial risk factors

The Company's activities expose it to a variety of financial risks: foreign exchange risk, cash flow interest rate risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. There were no changes to the Company's risk management policies.

#### (a) Market risk

##### (i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the TT dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Company has set up a policy to manage its foreign exchange risk against its functional currency. To manage its foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company monitors the foreign exchange rates daily effecting transfers from functional currency bank accounts to foreign currency denominated bank accounts at a negotiated exchange rate so as to match assets with commitments and liabilities as they fall due. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

#### Concentrations of assets and liabilities

	<u>TT</u>	<u>US</u>	<u>Total</u>
	\$	\$	\$
<b>As at March 31, 2016</b>			
<b>Financial assets</b>			
Receivables (Note 6)	44,247	142,599	186,846
Repurchase agreement	79,797	420,000	499,797
Cash and cash equivalents	49,801	392,579	442,380
<b>Total financial assets</b>	<u>173,845</u>	<u>955,178</u>	<u>1,129,023</u>
<b>Financial liabilities</b>			
Accrued expenses and other liabilities	70,149	38,775	108,924
<b>Total financial liabilities</b>	<u>70,149</u>	<u>38,775</u>	<u>108,924</u>
<b>Net foreign exchange risk position</b>	<u>103,696</u>	<u>916,403</u>	<u>1,020,099</u>

## CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2016

(Expressed in United States Dollars)

---

### 3. Financial Risk Management (continued)

#### Financial risk factors (continued)

##### (a) Market risk (continued)

##### (i) Foreign exchange risk (continued)

#### As at March 31, 2015

##### Financial assets

Receivables (Note 6)	8,625	151,782	160,407
Repurchase agreement	-	412,979	412,979
Cash and cash equivalents	123,032	374,878	497,910

**Total financial assets** 131,657      939,639      1,071,296

##### Financial liabilities

Accrued expenses and other liabilities	103,461	9,079	112,540
--	---------	-------	---------

**Total financial liabilities** 103,461      9,079      112,540

**Net foreign exchange risk position** 28,196      930,560      958,756

At March 31, 2016 if the functional currency had strengthened by 1% against the TT dollar with all other variables held constant, post-tax profit for the year would have been US\$1,037 lower (post-tax profit 2015: US\$282 lower), mainly as a result of foreign exchange gains/losses on translation of TT dollar-denominated trade payables, trade receivables and cash and cash equivalents.

##### (ii) Cash flow interest rate risk and fair value interest rate risk

The Company has significant interest-bearing assets carrying rates that are subject to changes in market interest rates. The Company's investment in repurchase agreements for defined periods mitigates this risk somewhat as rates are fixed for the tenor of the agreements. Other operating cash flows are independent of changes in market interest rates.

The table below summarises the Company's exposure to interest rate risk. The financial assets and liabilities are categorised by the contractual date.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company carries all of its financial assets and liabilities at amortised cost and as such is not exposed to fair value interest rate risk.



# CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

## Notes to the Financial Statements

March 31, 2016

(Expressed in United States Dollars)

### 3. Financial Risk Management (continued)

#### Financial risk factors (continued)

##### (a) Market risk (continued)

##### (ii) Cash flow interest rate risk and fair value interest rate risk (continued)

Cash flow interest rate risk is the risk that the future cash flows of an instrument will fluctuate because of changes in the market interest rates. The Company's financial assets have fixed interest rates and as such are not exposed to cash flow interest rate risk.

	1 to 3 months	3 to 12 months	Non-interest bearing	Total
	\$	\$	\$	\$
<b><u>As at March 31, 2016</u></b>				
<b>Assets</b>				
Receivables	-	-	186,846	186,846
Repurchase agreements	-	499,797	-	499,797
Cash and cash equivalents	421,483	-	20,897	442,380
<b>Total assets</b>	<b>421,483</b>	<b>499,797</b>	<b>207,743</b>	<b>1,129,023</b>
<b>Liabilities</b>				
Other liabilities	-	-	108,924	108,924
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>108,924</b>	<b>108,924</b>
<b>Interest sensitivity gap</b>	<b>421,483</b>	<b>499,797</b>	<b>98,819</b>	<b>1,020,099</b>
<b><u>As at March 31, 2015</u></b>				
<b>Assets</b>				
Receivables	-	-	160,407	160,407
Repurchase agreements	-	412,979	-	412,979
Cash and cash equivalents	451,232	-	46,678	497,910
<b>Total assets</b>	<b>451,232</b>	<b>412,979</b>	<b>207,085</b>	<b>1,071,296</b>
<b>Liabilities</b>				
Other liabilities	-	-	112,540	112,540
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>112,540</b>	<b>112,540</b>
<b>Interest sensitivity gap</b>	<b>451,232</b>	<b>412,979</b>	<b>94,545</b>	<b>958,756</b>

# CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2016

(Expressed in United States Dollars)

## 3. Financial Risk Management (continued)

### Financial risk factors (continued)

#### (a) Market risk (continued)

##### (iii) Other price risk

Other price risk arises due to the possibility that the fair value of future cash flows of a financial asset or liability will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not affected by changing prices of equity instruments as there were no investments in equity instruments as at March 31, 2016 nor as at March 31, 2015.

#### (b) Credit risk

Credit risk is the risk that one party to a financial instrument or financial arrangement will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages its credit risk by ensuring initial rating fees from first-time rated clients are paid in full up-front, ahead of the rating exercise. The Company also invests its surplus funds in independently rated banks and financial institutions with an investment grade rating.

Below is an analysis of assets bearing credit risk:

	<u>2016</u>	<u>2015</u>
	\$	\$
Receivables (Note 6)	186,846	160,407
Repurchase agreements	499,797	412,979
Cash and cash equivalents	442,380	497,910
	<u>1,129,023</u>	<u>1,071,296</u>

The Company's receivables consist of contractual obligations from sovereigns and established corporate entities. None of the above financial assets are impaired. The aging of the receivables is as follows:

	<u>2016</u>	<u>2015</u>
	\$	\$
1 - 30 days	64,338	135,150
31- 90 days	86,849	25,257
> 90 days	35,659	-
	<u>186,846</u>	<u>160,407</u>

These financial assets are not rated.

# CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2016

(Expressed in United States Dollars)

## 3. Financial Risk Management (continued)

### Financial risk factors (continued)

#### (c) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. Prudent liquidity risk management implies maintaining an adequate amount of cash and cash equivalents. The Company manages its liquidity risk by way of rolling forecasts of its contracted cash inflows and outflows, and ensuring the availability of adequate cash to meet upcoming commitments.

The financial liabilities of the Company of \$108,924 (2015: \$112,540) are short-term in nature and due within 12 months.

### Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders (in the long-term) and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

## 4. Property and Equipment

	<u>Leasehold Improvements</u>	<u>Computer Equipment</u>	<u>Office Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<b>Year ended March 31, 2016</b>					
Opening net book amount	496	8,843	1,762	(0)	11,101
Additions	313	1,688	5,425	-	7,426
Disposal	-	-	-	-	-
Depreciation charge	(133)	(5,599)	(1,968)	-	(7,700)
Closing net book amount	<u>676</u>	<u>4,932</u>	<u>5,219</u>	<u>-</u>	<u>10,827</u>
<b>At March 31, 2016</b>					
Cost	103,750	71,932	42,800	10,475	228,957
Accumulated depreciation	(103,074)	(67,000)	(37,581)	(10,475)	(218,130)
Net book amount	<u>676</u>	<u>4,932</u>	<u>5,219</u>	<u>(0)</u>	<u>10,827</u>

## CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2016

(Expressed in United States Dollars)

### 4. Property and Equipment (continued)

	<u>Leasehold Improvements</u>	<u>Computer Equipment</u>	<u>Office Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<b>Year ended March 31, 2015</b>					
Opening net book amount	642	8,420	3,260	-	12,322
Additions	-	8,750	-	-	8,750
Disposal	-	-	(60)	-	(60)
Depreciation charge	(146)	(8,327)	(1,438)	-	(9,911)
Closing net book amount	<u>496</u>	<u>8,843</u>	<u>1,762</u>	<u>-</u>	<u>11,101</u>
<b>At March 31, 2015</b>					
Cost	103,437	70,244	38,058	10,475	222,214
Accumulated depreciation	(102,941)	(61,401)	(36,296)	(10,475)	(211,113)
Net book amount	<u>496</u>	<u>8,843</u>	<u>1,762</u>	<u>-</u>	<u>11,101</u>

### 5. Deferred Tax Asset (Liability)

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 25%.

	<u>2016</u>	<u>2015</u>
	\$	\$
Balance at beginning of year	7,392	7,754
(Debit) credit to statement of comprehensive income	(1,088)	(362)
Balance at end of year	<u>6,304</u>	<u>7,392</u>



## CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2016

(Expressed in United States Dollars)

### 5. Deferred Tax Asset (Liability) (continued)

Deferred tax assets and liabilities and the deferred tax charge in the statement of comprehensive income are attributable to the following items:

	<b>Balance at April 1, 2015</b>	<b>Charge to Statement of Comprehensive Income</b>	<b>Balance at March 31, 2016</b>
	\$	\$	\$
<b>As at March 31, 2016</b>			
Deferred tax asset:			
Property and equipment	<u>7,392</u>	<u>(1,088)</u>	<u>6,304</u>

	<b>Balance at April 1, 2014</b>	<b>Charge to Statement of Comprehensive Income</b>	<b>Balance at March 31, 2015</b>
	\$	\$	\$
<b>As at March 31, 2015</b>			
Deferred tax asset:			
Property and equipment	<u>7,754</u>	<u>(362)</u>	<u>7,392</u>

A deferred tax asset is recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company has tax losses of approximately US\$3,138,379 (2015: US\$3,215,983), the tax effect of which have not been recognised due to the uncertain timing of their recovery. These losses have not yet been agreed with the Board of Inland Revenue.

# CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

## Notes to the Financial Statements

March 31, 2016

(Expressed in United States Dollars)

---

	<u>2016</u>	<u>2015</u>
	\$	\$
<b>6. Receivables and Other Assets</b>		
Trade receivables	186,846	160,407
Other receivables	14,546	11,043
Prepayments	<u>24,361</u>	<u>23,790</u>
	<u>225,753</u>	<u>195,240</u>
Current portion	211,818	181,305
Non-current portion	<u>13,935</u>	<u>13,935</u>
	<u>225,753</u>	<u>195,240</u>

## 7. Repurchase Agreements

Repurchase agreements	<u>499,797</u>	<u>412,979</u>
-----------------------	----------------	----------------

The balance comprises two Agreements: US\$79,797 (TT\$500,000) dated 8th October 2015 for 180 days at 1.00% per annum and US\$420,000 dated 21st January 2016 for two years at 2.05% per annum.

	<u>2016</u>	<u>2015</u>
	\$	\$
<b>8. Cash and Cash Equivalents</b>		
Cash at bank and on hand	101,107	112,295
Money market securities	<u>341,273</u>	<u>385,615</u>
	<u>442,380</u>	<u>497,910</u>

# CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

## Notes to the Financial Statements

March 31, 2016

(Expressed in United States Dollars)

	<u>2016</u>	<u>2015</u>
	\$	\$
<b>9. Accrued Expenses and Other Liabilities</b>		
Trade payables	21,870	11,607
MIF Disbursement	4,144	19,200
Statutory payables	27,744	24,759
Credit card accounts	2,598	3,848
Incentive compensation	15,628	29,400
Accrued fees	<u>36,940</u>	<u>23,726</u>
	<u>108,924</u>	<u>112,540</u>
<b>10. Share Capital</b>		
<i>Authorised</i>		
Unlimited number of ordinary shares of no par value		
<i>Issued and fully paid</i>		
4,561,688 ordinary shares at US\$1.00	<u>4,561,688</u>	<u>4,561,688</u>
<b>11. Revenue</b>		
Rating income	245,313	419,356
Surveillance income	669,199	543,941
Training income	162,445	80,941
Bond valuation services	<u>78,949</u>	<u>11,500</u>
	<u>1,155,906</u>	<u>1,055,738</u>
<b>12. Expenses Analysis by Nature</b>		
<b>Direct operating expenses</b>		
Staff cost - ratings (Note 14)	360,826	302,507
RCM fees (retainer and sitting)	80,000	84,000
Technical consulting fees	-	3,546
External training to clients	<u>41,975</u>	<u>35,484</u>
	<u>482,801</u>	<u>425,537</u>

## CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2016

(Expressed in United States Dollars)

	<u>2016</u>	<u>2015</u>
	\$	\$
<b>12. Expenses Analysis by Nature (continued)</b>		
<b>Other Operating and administrative expenses</b>		
Staff cost - other (Note 14)	407,581	377,755
Directors' expenses (Travelling)	561	687
Lease rentals	109,630	109,339
Technical consultant fee	-	-
Depreciation	7,700	9,911
Rating committee expenses (Travelling and accommodation)	6,172	7,346
Communication	11,828	11,357
Foreign travel	2,310	2,302
Business promotion	10,823	13,436
Legal and professional fees	11,698	13,779
Withholding Tax expense	213	
Transport	6,114	4,956
Miscellaneous	34,827	41,790
Net foreign exchange gains	(11,347)	(5,084)
Repairs and maintenance	474	723
	<u>598,584</u>	<u>588,297</u>
<b>13. Taxation</b>		
Business levy	3,281	2,133
Deferred tax (Note 5)	1,088	362
	<u>4,369</u>	<u>2,495</u>
The tax on the profit from operations differs from the theoretical amount that would arise using the basic tax rate as follows:		
Profit before taxation	<u>81,973</u>	<u>51,512</u>
Tax calculated at a rate of 25%	20,493	12,878
Items not deductible for tax purposes	826	193
Business levy	3,281	2,133
Tax loss utilized for the year	<u>(20,231)</u>	<u>(12,709)</u>
	<u>4,369</u>	<u>2,495</u>



# CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

## Notes to the Financial Statements

March 31, 2016

(Expressed in United States Dollars)

	<u>2016</u>	<u>2015</u>
	\$	\$
<b>14. Staff Costs</b>		
Wages and salaries	715,073	634,781
National insurance	26,276	23,926
Meal allowance	<u>27,058</u>	<u>21,555</u>
	<u>768,407</u>	<u>680,262</u>
Staff cost ratings	360,826	302,507
Staff cost other	<u>407,581</u>	<u>377,755</u>
	<u>768,407</u>	<u>680,262</u>

## 15. Related Party Transactions

### Key management compensation:

Salaries and other short-term benefits	<u>216,568</u>	<u>208,953</u>
--	----------------	----------------

## 16. Contingent Liabilities and Commitments

There are no contingent liabilities or capital commitments as at the year end.

Future minimum payments under leases are as follows:

	<u>2016</u>	<u>2015</u>
	\$	\$
Within one year	86,167	106,469
1-3 year	<u>-</u>	<u>88,724</u>
	<u>86,167</u>	<u>195,193</u>

The Company has entered into a lease for office space. The lease is for a period of 3 years with renewal terms included in the contract at the option of the Company. The lease period ends on February 1, 2017.

Total lease rentals for the year amounted to \$109,630 (2015: \$109,339).

The logo for CariCRIS, featuring the company name in white serif font on a blue rectangular background with a thin green underline.

Caribbean Information & Credit Rating Services Limited

3rd Floor, Furness House,  
90 Independence Square,  
Port of Spain, Trinidad & Tobago, W.I.  
Tel: (868) 627-8879 Fax: (868) 625-8871  
Email: [info@caricris.com](mailto:info@caricris.com)

