CariCRIS

REGIONAL RATINGS
GLOBAL STANDARDS

ANNUAL REPORT
2019

About CariCRIS

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 and development banks, and CRISIL, an associate company of the globally-recognised rating agency Standard & Poor's.

Our credit ratings represent an objective assessment of the rated entity's creditworthiness relative to other rated entities in the region and reflect our intimate understanding of the risks that are unique to the Caribbean. Our Board, Rating Committee and Management team consist of highly respected professionals from across the Caribbean and underpin our regional way of thinking. A CariCRIS regional scale rating compares an entity's creditworthiness to all debt-issuers in a defined Caribbean region. We also offer a national scale credit rating where the comparison set is all debt-issuing entities in a single nation.

Our ratings aim to provide a regionally relevant risk assessment of entities and the debt that they issue within a wider context of an analysis of economic trends and financial developments. This will significantly improve investors' access to information and their ability to compare sovereign and corporate credits across the Caribbean. For borrowers, our ratings will enhance credibility and expand access to funding sources.

Our 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.

Our Core Values

- **Integrity**
- **Independence**
- **Analytical Rigour**
- **Teamwork**

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CHAIRMAN'S STATEMENT

I thank the members of the Board and the Rating Committee of CariCRIS for their significant contribution to this important capital market organisation.

Dear Shareholders,

Notwithstanding slowed global growth in 2018, many Caribbean countries reported economic expansion and regional GDP increased by 1.9%, up from 0.5% in 2017. In line with this recovery, Caribbean Information and Credit Rating Services Limited (CariCRIS) had another successful year, continuing its trend of growth in revenue and profitability. For the year ended March 31, 2019, total revenue grew by 9% to USD1,366,063 and profit after tax increased by 11% to USD170,897.

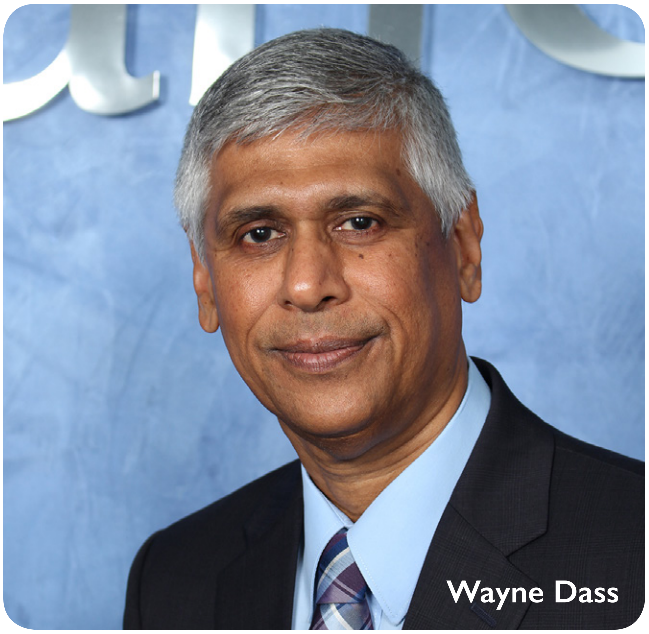
During the year, the Company completed ratings for several large corporates across the Caribbean and continued its important capital market development work of increasing the level of information available to bond investors. CariCRIS also successfully executed several new risk management training programmes across the region and continued its role as an independent provider of fair value prices for regional fixed income securities.

While a further slowdown in the global economy is expected in 2019, the outlook is for improved economic growth in the Caribbean, which, if achieved, could boost demand for the Company's products and services.

During the year Ms. Julia Weekes, CFA, Director of Banking, Currency and Investments at the Central Bank of Barbados joined the Board, replacing Mr. Michael Carrington. Also joining the Board during the year were Mr. Milverton Reynolds, CD, Managing Director of Development Bank of Jamaica, and Mr. Robert van Trikt, Governor of the Central Bank of Suriname, who replaced Mr. Glenn Gersie. On behalf of the Directors, I welcome the new members to the Board and extend thanks to Messrs. Carrington and Gersie for their past service. Further, I thank the members of the Board and the Rating Committee of CariCRIS for their significant contribution to this important capital market organisation. 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 continued hard work and dedication.

Ronald F deC Harford
Chairman
14 June 2019

CHIEF EXECUTIVE OFFICER'S REPORT



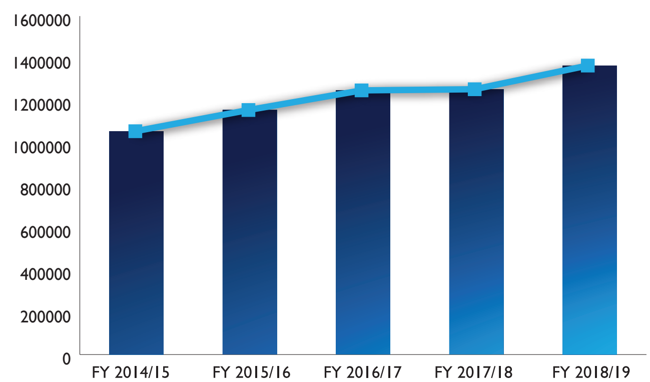
Higher growth of the order of 2.1% is expected for Caribbean economies in 2019, though with major downside risks, and notwithstanding a further slowdown in global economic growth to 3.5%. The improved outlook for the region should lend to a supportive operating environment for CariCRIS.

Caribbean Information and Credit Rating Services Limited (CariCRIS) performed well over the past year, continuing its trend of profitability and fulfilling its important role of regional capital market integration and development. We completed 12 new ratings in the year, compared to 7 in the prior year, with 6 of the 12 originating in Trinidad and Tobago, 5 in Jamaica and 1 in Barbados. As at March 31, 2019, the total number of entities rated since inception increased by 9% year-on-year to 185, and ratings subject to annual reviews grew by 30% to 43. Our ratings span diverse sectors, including banking, insurance, mutual funds and other financial services, oil and gas, manufacturing, retail and distribution, tourism and property development. The rated entities are in 18 countries across the Caribbean, reflective of our wide regional presence.

Financial Performance

For the year ended March 31, 2019, total revenue increased by 9% to USD1,366,063, driven by a material increase (57%) in income from new ratings, compared to the prior year. Total expenses increased by 9% to USD1,204,637, led mainly by higher costs associated with our training line of business. Net finance income for the year increased by 28% to USD16,441. As a result, the Company recorded a profit before tax of USD177,867, up 11% from the prior year. Profit after tax was USD170,897, an increase of 11% from that achieved in FY 2017/18. The Company's Net Shareholders' Equity consequently grew by 12% to USD1,563,093 as at 31 March 2019 (Charts 1 to 3).

Chart 1: Total Revenue in USD



CHIEF EXECUTIVE OFFICER'S REPORT (continued)

Chart 2: Profit after Tax in USD

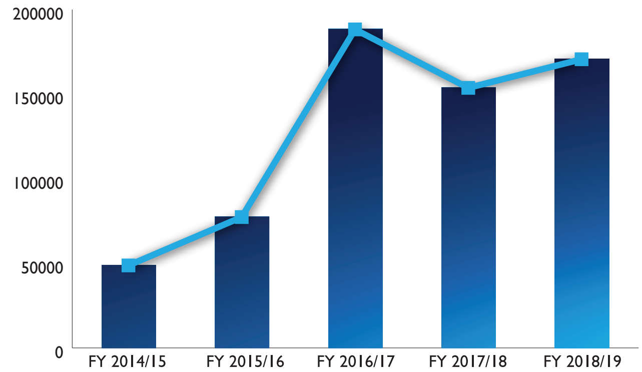
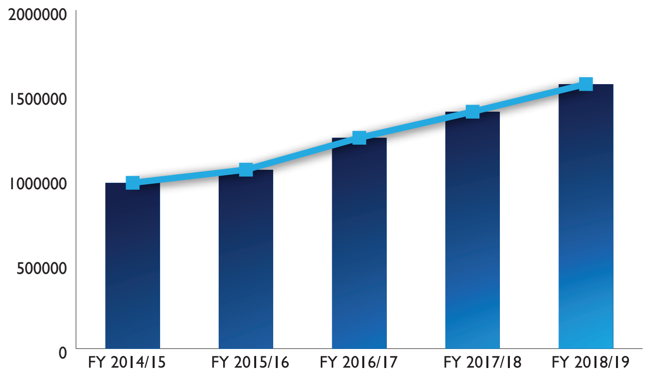


Chart 3: Net Shareholders' Equity in USD



Market Development

During the year we expanded our training partnership with FitchLearning, the training arm of the globally recognised Fitch Ratings Group, and co-hosted with Fitch workshops in Jamaica and Trinidad and Tobago on 'Restructuring Problem Credits', workshops in Trinidad and Tobago on 'Liquidity Risk Management in Financial Institutions' and 'Fundamentals of Financial Statement Analysis', a workshop in Barbados on 'Advanced Corporate Credit—Warning Signals', and a workshop in Jamaica on 'Best Practice Financial Modelling'. We also designed and delivered in-house credit risk training to analysts in the loans department of a large commercial bank in the region. Our training line of business is not only an important contributor to our total revenue, it more importantly facilitates our risk and investment professionals in the Caribbean with high-level, cutting-edge training from regional and global experts. The ultimate objective here is to raise the level of credit and financial risk management skills in the region, thereby creating an overall safer financial environment for all stakeholders. We also continued 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.

Operations

The International Organisation of Securities Commissions (IOSCO) issued a new Code of Conduct Fundamentals for Credit Rating Agencies in 2015, intended to provide a framework for rating agencies with respect to protecting the integrity of the rating process. In the absence of formal regulatory supervision, CariCRIS has always sought to pro-actively follow global best practices in its rating operations to the extent practicable, mindful of our small size. As such, during the year, we started implementing updated rating policies and procedures to be in compliance with the new IOSCO requirements.

We adopted two new International Financial Reporting Standards in the year: IFRS 9 (Classification and Measurement of Financial Assets) and IFRS 15 (Revenue from Contracts with Customers). The financial impact of adopting these new standards was immaterial, the details of which are presented in our audited financial statements. We continued our focus on training and development of our team in diverse areas and during the year staff were exposed to several training programmes, aimed at building both their technical and soft skills, and our managers to leadership development programmes.

CHIEF EXECUTIVE OFFICER'S REPORT (continued)

Looking Ahead

Higher growth of the order of 2.1% is expected for Caribbean economies in 2019, though with major downside risks, and notwithstanding a further slowdown in global economic growth to 3.5%. The improved outlook for the region should lend to a supportive operating environment for CariCRIS. Implementation of Basel 2 & 3 capital standards by regional banks, as well as the full implementation of the new Insurance Bill in Trinidad and Tobago, with its risk-based capital requirements, should boost demand for our ratings in the year ahead.

In November 2018 the Minister of Finance and the Public Service in Jamaica, Dr. Nigel Clarke, announced the establishment of a Financial Deepening Implementation Group, an inter-agency group consisting of the Bank of Jamaica, Development Bank of Jamaica, the Jamaica Stock Exchange and the Financial Services Commission, to maximise the opportunities created by the high Jamaican dollar liquidity conditions as the Government continues to pay down its debt. A key element of the financial deepening agenda consists of standardising asset quality for sound investments through a programme to have independent ratings of issuers of domestic assets, to support the transition from zero risk-rated Government issues to non-Government assets. This would also support prudent investment by investors as they search for yield. We commend the foresight displayed by the Jamaican Government in this regard. Should the Implementation Group's initiatives be successfully implemented, this could increase the demand for our rating services in that jurisdiction.

Acknowledgements

During the year, our former Chairman, Mr. Terrence Martins, sadly passed on. As Chairman of the Board for 14 years, Mr. Martins provided exceptional leadership and guidance to our organisation, and was an exemplar for progressive practices in governance, risk management and transparency. We will miss Mr. Martins dearly. Mr. Ronald Harford was appointed as the new Chairman and I sincerely thank Mr. Harford, the other members of the Board and the rating committee members for their outstanding service to CariCRIS over the past year. I also thank our clients and the institutional investors for their ongoing support and most importantly I extend my sincere appreciation to our valuable team members for their commitment to excellence over the past year.

Wayne Dass, CFA
Chief Executive Officer
14 June 2019

Remembering Mr. Terrence Anthony Martins

The Board of Directors, Rating Committee, Management and Staff of Caribbean Information and Credit Rating Services Limited (CariCRIS) recall with great fondness and respect the life of Mr. Terrence Martins, who sadly passed on Friday 26th October, 2018.

As the Chairman of the board of CariCRIS for the past 14 years, Mr. Martins provided exceptional leadership and guidance to our organisation. Terry's insistence in the early years on building a strong governance framework for CariCRIS and on maintaining integrity in all our business transactions underpinned our successful growth and expansion through the Caribbean. Terry was an exemplar for progressive practices in governance, risk management and transparency.

We will miss Terry dearly. May his soul rest in eternal peace.

BOARD OF DIRECTORS
AND
RATING COMMITTEE

REGIONAL RATINGS
GLOBAL STANDARDS

BOARD OF DIRECTORS

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. Milverton Reynolds, CD has been the Managing Director of the Development Bank of Jamaica Limited (DBJ) since January 2, 2007. He came to the DBJ with formidable administrative and financial skills and experience as a management executive in financial institutions in both the private and public sectors.

He has been the Managing Director of the National Housing Trust, Life of Jamaica (now Sagicor), the National Housing Development Corporation and the Jamaica Mortgage Bank, among other organisations, and serves on various boards including Allied Insurance Brokers, NCB Insurance Company, and National Education Trust, among others.

In October 2015, he received a national award, the Order of Distinction (Commander Class) for "outstanding leadership in housing development."

During his tenure at the DBJ, Mr. Reynolds has overseen the expansion of the organisation to provide support to the micro, small and medium-sized enterprises sector while still assisting large projects. The Bank's products and services – in the areas of capital, capacity development and collateral – have been strategically extended to entrepreneurs at all levels of the Jamaican society to allow a more inclusive kind of national development. He has also overseen the development and implementation of new policies for Public-Private Partnerships and Privatisation (P4) and expanded the DBJ's role as the P4 Secretariat.

Ms. Julia A. Weekes, CFA is Director of Banking, Currency and Investments at the Central Bank of Barbados, a position she has held since January 1, 2006. Ms Weekes is Chairperson of the Central Bank's Investment Committee; a member of the Committee of Management, Central Bank of Barbados Staff Pension Scheme and sits on the Bank's Payments, Tenders and Budget Committees. In her current role, she manages the Bank's investment portfolios, holds responsibility for payments and banking operations and for the administration of the domestic debt of the Government of Barbados.

She serves as a member of the Investment Committee of the Board of Directors of the National Insurance Scheme (NIS) of Barbados, and sits on the Investment/Pension Committees of several government agencies.

Ms. Weekes, a CFA charterholder, is a member of the CFA Institute and CFA Barbados where she

BOARD OF DIRECTORS (continued)

served as president for a number of years. Ms. Weekes holds a BSc in Economics & Accounting (Honours) from the University of the West Indies.

Dr. Sandra Sookram is Deputy Governor (Monetary Operations and Policy) of Central Bank of Trinidad and Tobago. She is responsible for the Banking Operations, Reserves and Domestic Market Management, Research and Information Services Departments at the Central Bank.

Prior to joining the Central Bank, Dr. Sookram was a fellow at the Sir Arthur Lewis Institute of Social and Economic Studies (SALISES) at the University of the West Indies. Her scientific achievements lie in her research on various areas in economics and her work has been published in refereed journals and books. A key component of her work as a Fellow involved the supervision of students at the M.Sc., M.Phil. and Ph.D. levels. Dr. Sookram holds a Ph.D. in Economics (2005) from the University of the West Indies.

Professor (Dr.) Venkataraman Sankaranarayanan is currently part of the faculty in the Strategic Management group of the Indian Institute of Management Kozhikode, one of the premier management schools in India. His specialisation includes Corporate Sustainability and International Business. An alumnus of the Indian Institute of Management Calcutta, Dr. Sankaranarayanan has also been a visiting scholar at Cornell University, USA. He 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. Over a span of 20 years, Dr. 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. He has been closely involved with CariCRIS, having served as its founding Chief Executive Officer and Chief Rating Officer of CariCRIS from 2004-2007.

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.

BOARD OF DIRECTORS (continued)

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. 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.

Mr. Robert van Trikt is the Governor of the Central Bank of Suriname. Mr. van Trikt is an accounting professional and prior to his appointment to the Central Bank he was the managing partner at Orion Assurance & Advisory N.V., located in Paramaribo, Suriname. He has held several board positions, recently as Chief Auditor Internal Audit Department and Chairman of Hakrinbank N.V., the second largest commercial bank in Suriname. Mr. van Trikt has also served as President of the Board of the Institute of Chartered Accountants of Suriname (SCAI) and as a board member of the Institute of Chartered Accountants of the Caribbean (ICAC).

RATING COMMITTEE

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. 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 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 ofThe 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

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.

RATING COMMITTEE (continued)

Mr. William P. Lucie-Smith is a retired Senior Partner of Price-WaterhouseCoopers 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. 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 12 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.

Dr. C. Justin Robinson is a national of St. Vincent and the Grenadines and currently serves as Dean, Faculty of Social Sciences, University of the West Indies, Cave Hill Campus, Barbados. He obtained his PhD in Finance from the University of Manchester, UK. He also holds an MSc in Finance and Econometrics from Florida International University and a BSc in Management Studies (First Class Honours) from the University of the West Indies, Cave Hill Campus, Barbados. Dr. Robinson's research interests are Capital Markets in Developing Countries, Public Finance, Financial Risk Management and Corporate Finance. He has published extensively on these subjects in a number of regional and international journals. Major publications include: An Analysis of the Financial Performance of Statutory Corporations In Developing Countries, The Role and Future of European Derivatives Markets, Capital Market Integration In The Caribbean, Stock Price Behaviour In Emerging Markets, Long Term Financing Decisions In The Caribbean, Analyzing Capital Flows To Developing Countries, Commercial Banking In The Year 2000 and Customer Satisfaction With Public Transportation in Developing Countries. Dr. Robinson currently serves as a Director of the Central Bank of Barbados, and First Vice President of the Barbados Museum and Historical Society.

MANAGEMENT TEAM

Kathryn Budhooram	Stefan Fortuné	Wayne Dass	Andre Joseph	Nicole Budd
B.Sc, MBA, PMP	B.Sc, M.Sc. Ph.D	B.Sc, M.Sc, CFA	B.Sc, MBA	MBA, FCCA, CA
Manager, Ratings	Manager, Ratings Research & Training	Chief Executive Officer	Senior Manager, Ratings	Senior Manager, Finance & Administration

RATINGS TEAM

Back row from left to right:
Nadia Renee, Latoya Boyea, Samuel Raphael, Jeffrey James, Keith Hamlet, Nikkel Collymore, Andre Joseph

Front row from left to right:
Anelia Oudit, Kathryn Budhooram, Thaies Ramdial, Megan Dass, Khabeeda Abdool, Laura Rajcoomar, Stefan Fortuné

FINANCE & ADMINISTRATION TEAM

From left to right:
Keisha Antoine, Prudence Charles, Kerryn De Landro, Jahalia Debydeen, Nicole Budd

CariCRIS EVENTS 2019

CariCRIS EVENTS 2019

Financial Statements of

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

March 31, 2019

(Expressed in United States Dollars)

REGIONAL RATINGS
GLOBAL STANDARDS

Statement of Management Responsibilities

Caribbean Information and Credit Rating Services Limited

Management is responsible for the following:

- Preparing and fairly presenting the financial statements of Caribbean Information and Credit Rating Services Limited (the Company), which comprise the statement of financial position as at March 31, 2019, the statements of profit or loss and other comprehensive income, changes in net assets attributable to members and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and achievement of operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the financial reporting provisions of the Income Tax Act of Trinidad and Tobago and International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date, or from the date the financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Wayne Dass, CFA
Chief Executive Officer
June 14, 2019

Nicole Budd, FCCA, MBA, CA
Senior Manager, Finance and Administration
June 14, 2019

KPMG Independent Auditors' Report

To the Shareholders of Caribbean Information and Credit Rating Services Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Caribbean Information and Credit Rating Services Limited ("the Company"), which comprise the statement of financial position as at March 31, 2019, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019, and its financial performance and its cash flows for the year 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and with the IESBA Code.

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

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditors' Report (continued)

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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG

Chartered Accountants
Port of Spain, Trinidad and Tobago
June 14, 2019

Statement of Financial Position

March 31, 2019 | (Expressed in United States Dollars)

	Notes	2019 $	2018 $
ASSETS			
Non-current assets			
Property and equipment	4	31,253	27,734
Deferred tax asset, net	5	6,703	5,358
Receivables and other assets	6	13,935	13,935
Repurchase agreements	7	671,014	608,536
Tax recoverable		265	10
		723,170	655,573
Current assets			
Receivables and other assets	6	237,739	219,902
Cash and cash equivalents	8	743,630	617,032
		981,369	836,934
Total assets		1,704,539	1,492,507
LIABILITIES AND EQUITY			
Current liabilities			
Deferred revenue		20,000	-
Accrued expenses and other liabilities	9	121,446	92,483
Taxation payable		-	255
		141,446	92,738
Shareholders' equity			
Share capital	10	4,561,688	4,561,688
Accumulated deficit		(2,998,595)	(3,161,919)
		1,563,093	1,399,769
Total liabilities and equity		1,704,539	1,492,507

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

On June 13, 2019, the Board of Caribbean Information and Credit Rating Services Limited authorised these financial statements for issue.

Director　　　　Director

Statement of Profit or Loss and Other Comprehensive Income

Year ended March 31, 2019 | (Expressed in United States Dollars)

	Notes	2019 $	2018 $
Revenue	11	1,366,063	1,254,148
Direct operating expenses	12	(557,624)	(485,342)
Gross profit		808,439	768,806
Other operating and administrative expenses	12	(647,013)	(621,024)
Profit from operations before net finance income		161,426	147,782
Finance income		19,826	15,976
Finance cost		(3,385)	(3,097)
Net finance income		16,441	12,879
Profit before taxation		177,867	160,661
Taxation	13	(6,970)	(6,681)
Net profit being total comprehensive profit for the year		170,897	153,980

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

Statement of Changes in Equity

Year ended March 31, 2019 | (Expressed in United States Dollars)

	Share Capital $	Accumulated Deficit $	Total Shareholders' Equity $
Year ended March 31, 2018			
Balance at April 1, 2017	4,561,688	(3,315,899)	1,245,789
Total comprehensive income for the year	-	153,980	153,980
Balance at March 31, 2018	4,561,688	(3,161,919)	1,399,769
Year ended March 31, 2019			
Balance at April 1, 2018	4,561,688	(3,161,919)	1,399,769
Adjustment on initial application of IFRS 9	-	(7,573)	(7,573)
	4,561,688	(3,169,492)	1,392,196
Total comprehensive income for the year	-	170,897	170,897
Balance at March 31, 2019	4,561,688	(2,998,595)	1,563,093

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

Statement of Cash Flows

Year ended March 31, 2019 | (Expressed in United States Dollars)

	Notes	2019 $	2018 $
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before taxation		177,867	160,661
Adjustments to reconcile profit to net cash generated from operating activities:			
Depreciation	4	13,712	12,851
Reversal of expected credit loss on trade receivables	3b	(1,112)	-
		190,467	173,512
Changes in:			
- Receivables and other prepayments		(24,297)	(30,114)
- Accrued expenses and other liabilities		28,962	(33,759)
- Deferred revenue		20,000	(52,252)
Cash generated from operations		215,132	57,387
Tax paid		(8,824)	(6,850)
Net cash from operating activities		206,308	50,537
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment	4	(17,232)	(24,589)
Change in repurchase agreements		(62,478)	(33,732)
Net cash used in investing activities		(79,710)	(58,321)
Increase (decrease) in cash and cash equivalents		126,598	(7,784)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		617,032	624,816
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	743,630	617,032

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

Notes to the Financial Statements

March 31, 2019 | (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 3rd 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 accounting

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention except for certain financial instruments at fair value.

Management has considered the going concern assumption to be appropriate in light of the continued support of its shareholders of its mission, its adequate capitalisation level and the material improvement in the Company's business outlook, evidenced by the profits recorded by the Company in the past five 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) Changes in accounting policies

This is the first set of annual financial statements in which IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 have been applied.

The company has initially applied IFRS 9 (see 2 f) and IFRS 15 (see 2 l) from April 1, 2018. Due to the transition methods chosen in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards and impairment loss (reversal) on trade receivables has been presented separately in the statement of cash flows. The main effect of applying these standards is an increase in the impairment losses recognised on financial assets under IFRS 9 (see 2 f 2).

For the adoption of IFRS 9 the company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of the standard are recognised in retained earnings and reserves as at April 1, 2018.

2. Summary of Significant Accounting Policies (continued)

(b) Changes in accounting policies

The company has adopted IFRS 15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application (i.e. April 1, 2018). Accordingly, the information presented for the year ended 31st March 2018 has not been re-stated – i.e. it is presented, as previously reported under IAS 18, IAS 11 and related interpretations.

Under IFRS 15 when either party to a contract has performed, an entity is required to present the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. Any unconditional rights to consideration are presented separately as a receivable.

Contract asset

A contract asset arises under IFRS 15 if an entity performs by transferring goods or services to a customer before the consideration is paid or before payment is due. The balance excludes any amounts presented as a receivable. The contract asset represents the right to consideration in exchange for goods or services that have been transferred to a customer and should be assessed for impairment in accordance with IFRS 9 Financial Instruments.

A receivable is a right to consideration that is unconditional, i.e. only the passage of time is required before payment of that consideration is due.

A contract asset is therefore recognised when a Performance Obligation is satisfied (and revenue recognised), but the payment is conditional not only on the passage of time. Contract assets are different from receivables, because trade receivables represent an unconditional right to receive payment. The significance of the distinction between contract asset and receivable is that the contract asset carries not only the credit risk, but other risks as well such as performance risk.

There are no contract assets as at 31st March 2019 as all rights to payments are unconditional and presented in trade receivables.

Contract liabilities

A contract liability arises under IFRS 15 if a customer pays consideration, or if the entity has a right to consideration that is unconditional (i.e. a receivable), before the good or service is transferred to the customer. The liability should be recognised either when the payment is made or when the payment is due (whichever is earlier). The contract liability represents the obligation to transfer goods or services to a customer for which consideration has been received (or an amount of consideration is due) from the customer.

A contract liability is therefore recognised when a payment for a customer is due (or already received, whichever is earlier) before a related Performance Obligation is satisfied.

As at 31st March 2019 contract liabilities are presented in Deferred Revenue.

2. Summary of Significant Accounting Policies (continued)

(c) Foreign currency

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. Monetary assets and liabilities denominated in the foreign currency are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in the foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of comprehensive income.

(d) 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.

2. Summary of Significant Accounting Policies (continued)

(e) Fair values of financial assets and liabilities

Financial assets and liabilities are presented on the statement of financial position at amortised cost with disclosures regarding their fair value.

(f) Financial Instruments

The standard sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

The company developed an instructive policy document that details the basis of assumptions used in the derivation of the loss allowance in accordance with IFRS 9. This involved developing a provision matrix using experiential receivables collection data to calculate expected losses on receivables and using the Probability of Default data for repurchase agreements (previously held-to-maturity under IAS 39) and cash equivalents (money market accounts).

The following table summarises the impact of transition to IFRS 9 on the opening balance of retained earnings:

	Note	Impact of adopting IFRS 9 on opening balances
Retained earnings		
Recognition of expected credit losses under IFRS 9	2	(7,573)

1. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit and Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has had no effect on the company's accounting policies related to financial liabilities.

March 31, 2019 | (Expressed in United States Dollars)

2. Summary of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

1. Classification and measurement of financial assets and financial liabilities (continued)

The following table and accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets and financial liabilities as at April 1, 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets					
Repurchase agreements	i)	Held to maturity	Amortised cost	608,536	608,536
Receivables and other prepayments	ii)	Loans and receivables	Amortised cost	233,837	226,608
Cash and cash equivalents	iii)	Loans and receivables	Amortised cost	617,032	616,688
Total financial assets				1,459,405	1,451,832
Financial liabilities					
Accrued expenses and other liabilities		Amortised cost	Amortised cost	92,483	92,483

i) Repurchase agreements are securities 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. These were previously classified as held-to-maturity and are now classified at amortised cost. The company intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal outstanding. There was no increase in the allowance for impairment in opening retained earnings at April 1, 2018 on transition to IFRS 9.

March 31, 2019 | (Expressed in United States Dollars)

2. Summary of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

1. Classification and measurement of financial assets and financial liabilities (continued)

ii) Receivables and other prepayments are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. These were classified as loans and receivables under IAS 39 and are now classified at amortised cost. An allowance of $7,229 was recognised in the opening retained earnings at April 1, 2018 on transition to IFRS 9.

iii) Cash and cash equivalents are carried in the statement of financial position at amortised 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. An allowance of $344 was recognised in the opening retained earnings at April 1, 2018 on transition to IFRS 9.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on April 1, 2018.

	IAS 39 carrying amount at March 31, 2018	Reclassification Remeasurement	IFRS 9 carrying amount at April 1, 2018
Financial assets			
Cash and cash equivalents:			
Brought forward: *Loans and receivables*	617,032		
Remeasurement		(344)	
Carried forward: *Amortised cost*			616,688
Receivables and other prepayments:			
Brought forward: *Loans and receivables*	233,837		
Remeasurement		(7,229)	
Carried forward: *Amortised cost*			226,608
Repurchase agreements			
Brought forward: *Held to maturity*	608,536		
Remeasurement		-	
Carried forward: *Amortised cost*			608,536
Total	1,459,405	(7,573)	1,451,832

March 31, 2019 | (Expressed in United States Dollars)

2. Summary of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

2. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model of IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The company recognises loss allowances for ECL on financial assets measured at amortised cost and contract assets. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The financial asset is considered to be in default if it is more than 270 days past due.

ECLs are a probability-weighted estimate of credit losses and are discounted at the effective interest rate of the financial asset.

For assets in the scope of IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The company has determined that the application of IFRS 9's impairment requirements at April 1, 2018 results in an additional allowance for impairment as follows.

	2019 $
Loss allowance at March 31, 2018 under IAS 39	-
Additional impairment recognised at April 1, 2018 on:	
Trade receivables as at March 31, 2018	7,229
Repurchase agreement at amortised cost	-
Cash equivalents	344
Loss allowance at April 1, 2018 under IFRS 9	7,573

2. Summary of Significant Accounting Policies (continued)

(g) 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.

(h) Accrued expenses and other liabilities

Accrued expenses and other liabilities are recognised initially at fair value and subsequently remeasured at amortised cost. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled.

(i) 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.

2. Summary of Significant Accounting Policies (continued)

(j) 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.

(k) 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.

(l) 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.

The Company has adopted IFRS 15 which replaces IAS 18 Revenue, IAS 11 Construction Contracts IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfer of Assets from Customers and SIC-31 Revenue.

2. Summary of Significant Accounting Policies (continued)

(l) Revenue recognition (continued)

Revenue is recognised when:

i. A customer obtains control of the goods or services;
ii. The amount of revenue can be reliably measured (the amount of revenue is not considered to be reliably measurable until all contingencies relating to the service have been resolved);
iii. It is probable that future economic benefits will flow to the entity, and,
iv. Specific criteria have been met for each of the Company's activities as described below.

(a) Initial rating income

Initial rating income is recognised when the Performance Obligation is satisfied: the initial rating is completed, duly approved by the rating committee, and communicated to the client. Thus, revenue recognition occurs at a point in time, i.e. upon communication of the approved rating to the client. Thereafter the client obtains control of the rating which can be used as desired in accordance with the terms of the rating agreement (the contract).

(b) Surveillance income

Surveillance income is prudently recognised in arrears one year following acceptance of the initial rating and annually thereafter whether or not there is a change to the rating during each surveillance period. The Performance Obligation is that of keeping the rating current at all times and is therefore satisfied over time.

(c) Training income

Training income is recognised at a point in time when the Performance Obligation of hosting the training program is satisfied.

(d) Bond valuation and other technical services

Income from bond valuation service and other technical services is recognised at a point in time when the Performance Obligation of delivering the service is satisfied.

(e) Finance income

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

The Company has determined after an assessment that the impact on the financial statements of the transition to IFRS 15 is negligible and immaterial.

2. Summary of Significant Accounting Policies (continued)

(m) 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.

(n) 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.

(o) Related parties

A party is related to the Company, if:

(i) Directly, or indirectly through one or more intermediaries, the party:
   - a) is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
   - b) has a direct or indirect interest in the Company that gives it significant influence; or
   - c) has joint control over the Company;

(ii) the party is an associate of the Company;

(iii) the party is a joint venture in which the Company is a venturer;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

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

The Company has a related party relationship with its Directors and key Management personnel, representing certain senior officers of the Company.

2. Summary of Significant Accounting Policies (continued)

New, revised and amended standards and interpretations

(p) 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:

- 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.

  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 as the current lease term expires on January 31, 2020 and negotiations are ongoing.

- IFRIC 23, Uncertainty over Income Tax Treatments, is effective January 1, 2019 and clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In each circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements of IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this interpretation.

  The Company is assessing the impact that this interpretation will have on its 2020 financial statements.

2. Summary of Significant Accounting Policies (continued)

New, revised and amended standards and interpretations (continued)

(q) New standards and interpretations not yet adopted

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.

IFRS 17, Insurance Contracts which is effective January 1, 2021 establishes principles for recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The Company is assessing the impact that this standard will have on its 2020 financial statements.

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.

March 31, 2019 | (Expressed in United States Dollars)

3. Financial Risk Management (continued)

Financial risk factors

(a) Market risk (continued)

(i) Foreign exchange risk *(continued)*

Concentrations of assets and liabilities

	TT $	US $	Total $
As at March 31, 2019			
Financial assets			
Receivables	39,967	193,787	233,754
Repurchase agreement	183,747	487,267	671,014
Cash and cash equivalents	197,711	546,266	743,977
Total financial assets	421,425	1,227,320	1,648,745
Financial liabilities			
Accrued expenses and Other liabilities	87,773	33,673	121,446
Total financial liabilities	87,773	33,673	121,446
Net foreign exchange risk position	333,652	1,193,647	1,527,299
As at March 31, 2018			
Financial assets			
Receivables	8,611	202,538	211,149
Repurchase agreement	171,269	437,267	608,536
Cash and cash equivalents	217,207	399,825	617,032
Total financial assets	397,087	1,039,630	1,436,717
Financial liabilities			
Accrued expenses and other liabilities	61,812	30,671	92,483
Total financial liabilities	61,812	30,671	92,483
Net foreign exchange risk position	335,275	1,008,959	1,344,234

3. **Financial Risk Management (continued)**

Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

At March 31, 2019 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$3,337 lower (post-tax profit 2018: US$3,353 lower), mainly as a result of foreign exchange 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.

March 31, 2019 | (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 $
As at March 31, 2019				
Assets				
Receivables	-	-	233,754	233,754
Repurchase agreements	-	671,014	-	671,014
Cash and cash equivalents	661,526	-	82,451	743,977
Total assets	661,526	671,014	316,205	1,648,745
Liabilities				
Other liabilities	-	-	121,446	121,446
Total liabilities	-	-	121,446	121,446
Interest sensitivity gap	661,526	671,014	194,759	1,527,299
As at March 31, 2018				
Assets				
Receivables	-	-	211,149	211,149
Repurchase agreements	-	608,536	-	608,536
Cash and cash equivalents	512,669	-	104,363	617,032
Total assets	512,669	608,536	315,512	1,436,717
Liabilities				
Other liabilities	-	-	92,483	92,483
Total liabilities	-	-	92,483	92,483
Interest sensitivity gap	512,669	608,536	223,029	1,344,234

March 31, 2019 | (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, 2019 nor as at March 31, 2018.

(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:

	2019 $	2018 $
Trade and other receivables (Note 6)	233,754	211,149
Repurchase agreements	671,014	608,536
Cash and cash equivalents	743,977	617,032
	1,648,745	1,436,717

The Company's receivables consist of contractual obligations from sovereigns and established corporate entities. None of the above financial assets are impaired. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of the geographical spread of revenue are included in Note 11.

March 31, 2019 | (Expressed in United States Dollars)

3. Financial Risk Management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

The aging of trade receivables is as follows:

	2019 $	2018 $
1 - 30 days	197,451	10,195
31- 90 days	17,140	174,257
> 90 days	-	13,073
	214,591	197,525

These financial assets are not rated.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure. Impairment losses on financial assets and contract assets including cash equivalents recognised in profit or loss were as follows.

	2019 $	2018 $
Reversal on trade receivables arising from contracts with customers	(1,112)	-
Impairment loss on cash equivalents	3	-
Impairment of financial assets	(1,109)	-

The company uses a provision matrix to measure the ECLs of trade receivables from individual customers. Loss rates are calculated using default rates based on the probability of a receivable progressing through successive stages of delinquency to write-off.

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3. Financial Risk Management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at March 31, 2019.

	Default Rate	Gross carrying amount	Loss allowance	Credit impaired
1 - 30 days	2.47%	197,451	4,875	No
31-60 days	5.45%	9,140	498	No
61 - 90 days	9.30%	8,000	744	No
90 - 270 days	11.40%	-	-	n/a
> 270 days	100%	-	-	n/a
		214,591	6,117	

The movement in the allowance in respect of trade receivables and contract assets during the year is presented below. Comparative amounts for 2018 represent the allowance account for impairment losses under IAS 39.

	2019 $	2018 $
Balance at April 1 under IAS 39	-	-
Adjustment on initial application of IFRS 9	7,229	-
Balance at April 1 under IFRS 9	7,229	-
Net re-measurement of loss allowance	(1,112)	-
Balance at March 31	6,117	-

March 31, 2019 | (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 $121,446 (2018: $92,483) 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

	Leasehold Improvements $	Computer Equipment $	Office Equipment $	Motor Vehicles $	Total $
Year ended March 31, 2019					
Opening net book amount	1,286	5,418	2,583	18,447	27,734
Additions	4,531	11,778	923	-	17,232
Depreciation charge	(765)	(5,251)	(1,555)	(6,142)	(13,712)
Closing net book amount	5,052	11,945	1,951	12,305	31,253
At March 31, 2019					
Cost	104,969	83,379	43,789	24,590	256,727
Additions	4,531	11,778	923	-	17,232
Accumulated depreciation	(104,448)	(83,212)	(42,761)	(12,285)	(242,706)
Net book amount	5,052	11,945	1,951	12,305	31,253

March 31, 2019 | (Expressed in United States Dollars)

4. Property and Equipment (continued)

	Leasehold Improvements	Computer Equipment	Office Equipment	Motor Vehicles	Total
	$	$	$	$	$
Year ended March 31, 2018					
Opening net book amount	498	12,135	3,363	-	15,996
Additions	-	-	-	24,589	24,589
Depreciation charge	(431)	(4,508)	(1,769)	(6,143)	(12,851)
Closing net book amount	67	7,627	1,594	18,446	27,734
At March 31, 2018					
Cost	103,750	85,588	42,800	-	232,138
Additions	-	-	-	24,589	24,589
Accumulated depreciation	(103,683)	(77,961)	(41,206)	(6,143)	(228,993)
Net book amount	67	7,627	1,594	18,446	27,734

5. Deferred Tax Asset (Liability)

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

	2019	2018
	$	$
Balance at beginning of year	5,358	4,418
Credit to statement of profit or loss and other comprehensive income	1,345	940
Balance at end of year	6,703	5,358

March 31, 2019 | (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:

	Balance at April 1, 2018 $	Charge to Statement of Comprehensive Income $	Balance at March 31, 2019 $
As at March 31, 2019			
Deferred tax asset:			
Property and equipment	5,358	1,345	6,703

	Balance at April 1, 2017 $	Charge to Statement of Comprehensive Income $	Balance at March 31, 2018 $
As at March 31, 2018			
Deferred tax asset:			
Property and equipment	4,418	940	5,358

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$2,624,969 (2018: US$2,795,866), 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.

6. Receivables and Other Assets

	2019 $	2018 $
Trade receivables	214,591	197,525
Other receivables	19,163	13,624
Prepayments	24,037	22,688
	257,791	233,837
Provision for expected credit loss	(6,117)	-
	251,674	233,837
Current portion	237,739	219,902
Non-current portion	13,935	13,935
	251,674	233,837

March 31, 2019 | (Expressed in United States Dollars)

7. Repurchase Agreements

	2019 $	2018 $
Repurchase agreements	671,014	608,536

The balance comprises of four repurchase agreements: US$92,477 (TT$584,658.78) dated April 16, 2018 for 1 year at 1.20% per annum, US$91,270 (TT$609,762.68) June 12, 2018 for 1 year at 1.20% per annum and US$437,267 and US$50,000 both maturing January 27, 2020 at 2.05% and 1.70% per annum respectively.

8. Cash and Cash Equivalents

	2019 $	2018 $
Cash at bank and on hand	308,899	186,261
Money market securities	435,078	430,771
	743,977	617,032
Provision for expected credit loss	(347)	-
	743,630	617,032

9. Accrued Expenses and Other Liabilities

	2019 $	2018 $
Trade payables	23,776	17,835
Statutory payables	39,397	20,716
Credit card accounts	7,155	5,142
Incentive compensation	15,373	13,896
Accrued fees	35,745	34,894
	121,446	92,483

10. Share Capital

	2019 $	2018 $
Authorised		
Unlimited number of ordinary shares of no par value		
Issued and fully paid		
4,561,688 ordinary shares at US$1.00	4,561,688	4,561,688

March 31, 2019 | (Expressed in United States Dollars)

11. Revenue from contracts with customers

	2019 $	2018 $
Rating income	517,468	330,278
Surveillance income	641,265	734,443
Training income	157,300	147,552
Technical services	50,030	41,875
	1,366,063	1,254,148

Disaggregation of revenue from contracts with customers

In the tables below, revenue from contracts with customers is disaggregated by primary geographical market and by timing of revenue recognition.

	2019 $	2018 $
Primary geographical markets		
Trinidad and Tobago	822,013	526,895
Jamaica	236,975	223,850
St. Lucia	37,500	182,978
Barbados	111,075	92,225
Cayman Islands	15,000	20,000
Dominica	40,000	40,000
Anguilla	25,000	25,000
Guyana	38,500	74,400
St. Kitts	15,000	15,000
British Virgin Islands	25,000	25,000
Suriname	-	28,800
	1,366,063	1,254,148
Timing of revenue recognition		
Products and services transferred at a point in time	724,798	519,705
Products and services transferred over time	641,265	734,443
	1,366,063	1,254,148

March 31, 2019 | (Expressed in United States Dollars)

12. Expenses Analysis by Nature

	2019 $	2018 $
Direct operating expenses		
Staff cost - ratings (Note 14)	375,352	359,209
Rating committee fees (retainer and sitting)	68,000	68,000
Professional Fees	7,200	25,894
External training to clients	107,072	32,239
	557,624	485,342
Other Operating and administrative expenses		
Staff cost - other (Note 14)	430,268	408,657
Directors' expenses (travelling)	115	176
Lease rentals	102,272	102,338
Depreciation	13,712	12,851
Impairment of financial assets (note 3b)	(1,109)	-
Rating committee expenses (travelling and accommodation)	8,224	7,641
Communication	11,973	13,143
Foreign travel	7,367	13,741
Business promotion	2,769	3,152
Legal and professional fees	12,672	9,293
Withholding tax expense	8,682	8,008
Transport	8,966	8,552
Miscellaneous	46,875	45,419
Net foreign exchange gains	(7,714)	(14,124)
Repairs and maintenance	1,941	2,177
	647,013	621,024

13. Taxation

Business levy	8,315	7,621
Deferred tax (Note 5)	(1,345)	(940)
	6,970	6,681
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	177,867	160,661
Tax calculated at a rate of 25%	44,467	40,165
Items not deductible for tax purposes	2,055	5,283
Business levy	8,315	7,621
Tax loss utilised for the year	(47,867)	(46,388)
	6,970	6,681

March 31, 2019 | (Expressed in United States Dollars)

14. Staff Costs

	2019 $	2018 $
Wages and salaries	745,185	709,745
National insurance	32,779	32,296
Meal allowance	27,656	25,825
	805,620	767,866
Staff cost - ratings and training commission	375,352	359,209
Staff cost - other	430,268	408,657
	805,620	767,866

15. Related Party Transactions

Key management compensation:		
Salaries and other short-term benefits	210,511	210,390

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:

	2019 $	2018 $
Within one year	83,825	100,590
1-3 year	-	83,825
	83,825	184,415

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, 2020.

Total lease rentals for the year amounted to $102,272 (2018: $102,338).

Notes

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