CariCRIS

Caribbean Information & Credit Rating Services Limited

REGIONAL RATINGS.
GLOBAL STANDARDS.

ANNUAL REPORT 2018

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-recognized 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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Contents

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CHAIRMAN'S STATEMENT

"The outlook is for improved economic growth both globally and regionally in 2018, which if achieved could boost demand for the Company's products and services, though this expected economic uptick is fraught with major downside risks. "

Dear Shareholders,

2017 was a mixed year for Caribbean countries. Although more stable than in 2016, the overall macroeconomic situation in the region remained vulnerable and exposed to the impact of climate change and natural disasters. Notwithstanding this overall difficult operating environment, I am pleased to report that Caribbean Information and Credit Rating Services Limited (CariCRIS) had another successful year, albeit with reduced profitability due to rising costs. The Company recorded total revenue of USD1,254,148 in the year ended 31 March 2018, in line with revenue for the prior year of USD1,248,725, and a profit after tax (PAT) of USD153,980, down by 18% (USD34,553) from the PAT of USD188,533 achieved in the prior year.

During the year, the Company continued its important capital market development work of increasing the level of information available to investors in the region through its independent credit rating reports. CariCRIS also successfully executed several new risk management training programmes across the region and developed its first automated credit risk analysis software for use by banks and other financial institutions as a tool to enhance their loan-decision making.

The outlook is for improved economic growth both globally and regionally in 2018 which, if achieved, could boost demand for the Company's products and services, though this expected economic uptick is fraught with major downside risks.

During the year, Mr. Michael Carrington joined the Board as the representative from the Central Bank of Barbados. Also during the year, Dr. Sandra Sookram replaced Mrs. Nicole Crooks as the representative from the Central Bank of Trinidad and Tobago. On behalf of the other Board members, I welcome Mr. Carrington and Dr. Sookram to the board and extend sincere thanks to Mrs. Nicole Crooks for her loyal service on the Board for the past five years. 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.

Terrence Martins
Chairman
15 June 2018

CHIEF EXECUTIVE OFFICER'S REPORT

Wayne Dass

Notwithstanding an overall challenging operating environment in the past year, Caribbean Information and Credit Rating Services Limited (CariCRIS) performed creditably, continuing its trend of profitability and fulfilling its role of capital market development. As at 31 March 2018, the total number of entities we have rated since our inception increased to 170 and ratings that are subject to annual reviews stood at 33. Our ratings span diverse sectors including banking, insurance and 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, and in the past year we completed ratings for the first time in Guyana, the Cayman Islands and the British Virgin Islands.

Financial Performance

Total revenue for the year ended 31 March 2018 was USD1,254,148, in line with the USD1,248,725 achieved in the prior year. Total expenses increased by 4% to USD1,106,366 from USD1,064,437 previously. With net finance income for the year being USD12,879, the Company turned a profit before tax (PBT) of USD160,661, down 19% from the PBT of USD198,007 recorded in the prior year. Profit after tax (PAT) was USD153,980, 18% lower than the PAT of USD188,533 recorded in FY 2016/17. Consequently, the Company's Net Shareholders' Equity grew by 12% to USD1,399,769 as at 31 March 2018. Notwithstanding the lower profit levels, importantly, FY 2017/18 represented the fourth consecutive year of profits for CariCRIS (Charts 1 to 3).

Chart 1: Total Revenue in USD

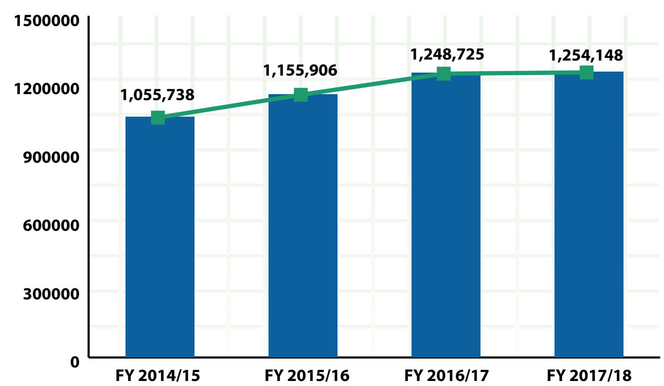
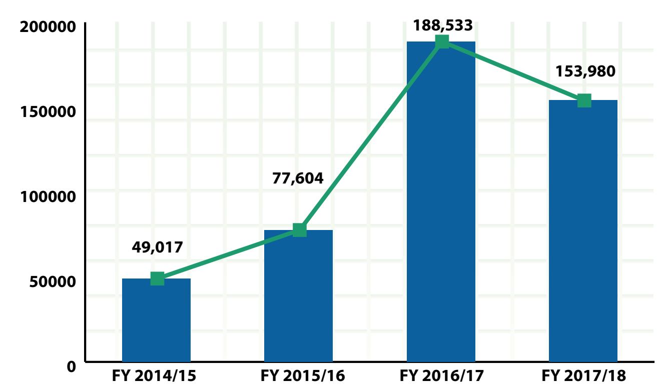
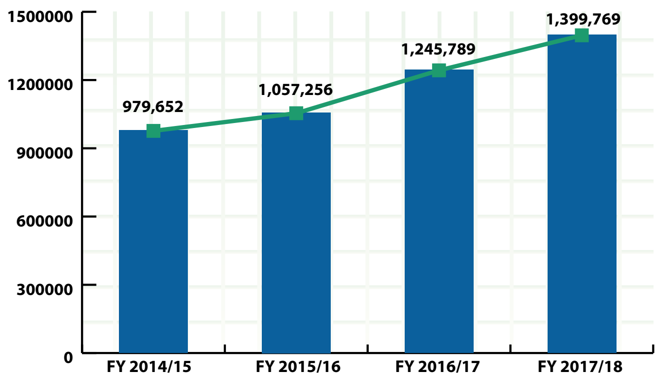


Chart 2: Profit after Tax in USD



CHIEF EXECUTIVE OFFICER'S REPORT (continued)

Chart 3: Net Shareholders' Equity in USD



Market Development

During the year we hosted successful risk workshops in Barbados (Enterprise Risk Management), Guyana (Risk Management of Investment Portfolios) and Saint Lucia (Analysing Banks, Corporates and SMEs). We continued our training partnership with FitchLearning, the training arm of the globally-recognised Fitch Ratings Group, and during the year we co-hosted with Fitch workshops in Jamaica and Trinidad and Tobago on 'IFRS 9 for Banks and Financial Institutions' and a workshop in Trinidad and Tobago on 'Operational Risk Management in Financial Institutions'. These workshops were all well-attended by senior executives from insurance companies, banks and finance companies, as well as from the Central Banks and other financial regulatory agencies across the region. We will seek to expand these workshop offerings in the years ahead based on the needs of the market, facilitating our risk and investment professionals in the Caribbean with high-level, cutting-edge training from regional and global experts.

We expanded our technical service offerings in the year by completing an independent Enterprise Risk Management Audit of a commercial bank, which involved identifying the institution's significant strategic and operational enterprise risks and ranking these in order of net exposure after considering the potential business impact and adequacy of current policies, procedures and controls. The outcome of such an audit provides a useful road map for the organisation to fine tune its strategic goals and business objectives with its risk appetite and capital position, as well as strengthen its risk management practices across the enterprise.

We have also teamed up with CRISIL Limited, who is our technical partner and one of our founding shareholders, to offer banks, insurance companies and other financial institutions automated models to compute the Expected Credit Loss (ECL) for their loan and investment portfolios, as is required for provisioning purposes by the newly introduced international financial reporting standard IFRS 9.

Operations

We completed a full re-design and upgrade of our website during the year, which now includes an e-commerce component. This will allow us to receive online payments via credit cards from participants across the region registering for our training programmes and for the purchase of our other products and services. The e-commerce facility has also facilitated our migration to a paid subscription service for our rating reports. We completed the digitisation of our SME Rating model, called SME eSMART, short for Small and Medium Enterprise Electronic Scoring Model and Rating Tool. This product will be marketed to banks, credit unions and other SME lenders throughout the Caribbean for use by these institutions as a structured online credit scoring model for effective loan decision-making.

In February 2015, the International Organisation of Securities Commissions (IOSCO) issued a new Code of Conduct Fundamentals for Credit Rating Agencies intended to offer a set of robust, practical measures as a guide to and framework for rating agencies with respect to, inter alia, protecting the integrity of the

CHIEF EXECUTIVE OFFICER'S REPORT (continued)

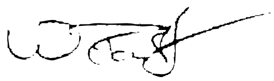
rating process. In the absence of formal regulatory supervision, CariCRIS has always sought to pro-actively follow global best practices in its rating operations to the extent practicable, mindful of our small size. As such, during the year, we updated several of our rating policies and procedures to be in compliance with the new IOSCO requirements.

The Year Ahead

The International Monetary Fund projects economic growth of 2% for Caribbean economies in 2018, on the back of a projected increase in global economic growth of the order of 3.9%, but with major downside risks. The improved outlook for the region should lend to a more supportive operating environment for CariCRIS. On the regulatory front, implementation of Basel 2 & 3 capital standards by the banks, as well as the full implementation of the new Insurance Bill in Trinidad and Tobago with its risk-based capital requirements, should boost the demand for our ratings in the year ahead.

Acknowledgment

I sincerely thank our Chairman, the board of directors and the rating committee members for their continued commitment and outstanding service to CariCRIS. 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 tremendous effort over the past year.



Wayne Dass, CFA
Chief Executive Officer
15 June 2018

BOARD OF DIRECTORS

Mr. Terrence Martins is the Chairman of the board of CariCRIS, 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.

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.

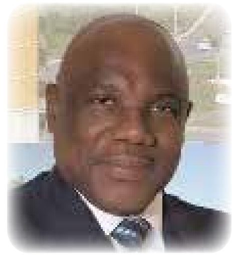
Mr. Peter Blackman is currently the Manager of private sector operations at the Caribbean Development Bank. In this role he has direct responsibility for activities related to the provision of credit and technical assistance programmes aimed at facilitating the development of SMEs, as well as contributing 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. 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

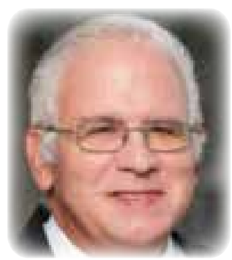
BOARD OF DIRECTORS (continued)

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 Masters Degree in Economics and was a lecturer at the Anton de Kom University of Suriname in the early nineties.

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 Michael D. Carrington, MBA, F.C.C.A, has worked at the Central Bank of Barbados for the past 28 years. His substantial role in the bank is Financial Controller, but has also worked in other areas, including in the International Financial Services Inspection Unit and in Payment Systems. He was appointed Deputy Governor of the bank in February 2017. Mr Carrington is the Deputy Chairman of Barbados Light and Power Advisory Committee for renewable energy and the Chairman of Barbados Automated Clearing House Services Inc, responsible for the administration of bank payment systems in Barbados.



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.

BOARD OF DIRECTORS (continued)

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 specialization 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-recognized 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 privatization, securitization 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.

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.

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.

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

RATING COMMITTEE (continued)

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. 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. 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 11 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.

CariCRIS Events 2018



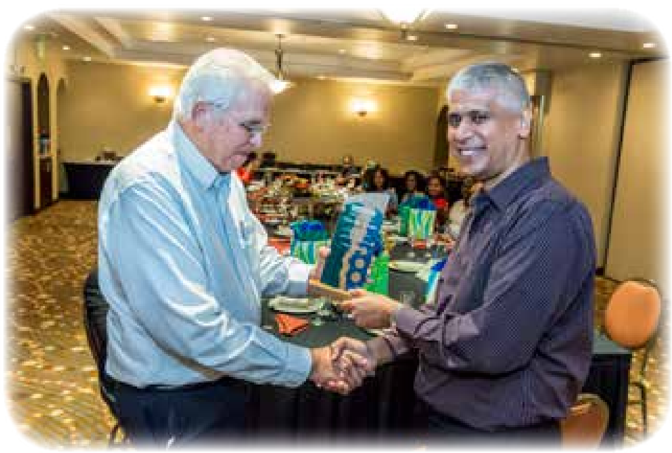









CariCRI



MANAGEMENT TEAM

Wayne Dass

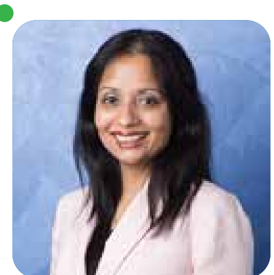
B.Sc, M.Sc, CFA
Chief Executive Officer

Andre Joseph

B.Sc, MBA.
Senior Manager, Ratings

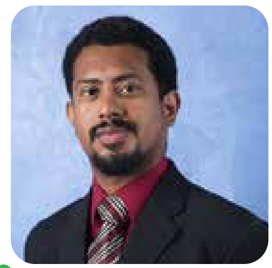
Nicole Budd

MBA, FCCA, CA
Senior Manager, Finance & Admin



Kathryn Budhooran

B.Sc, MBA, PMP
Manager, Ratings



Stefan Fortune

B.Sc, M.Sc.
Manager, Ratings
Research & Training

The CariCRIS Team

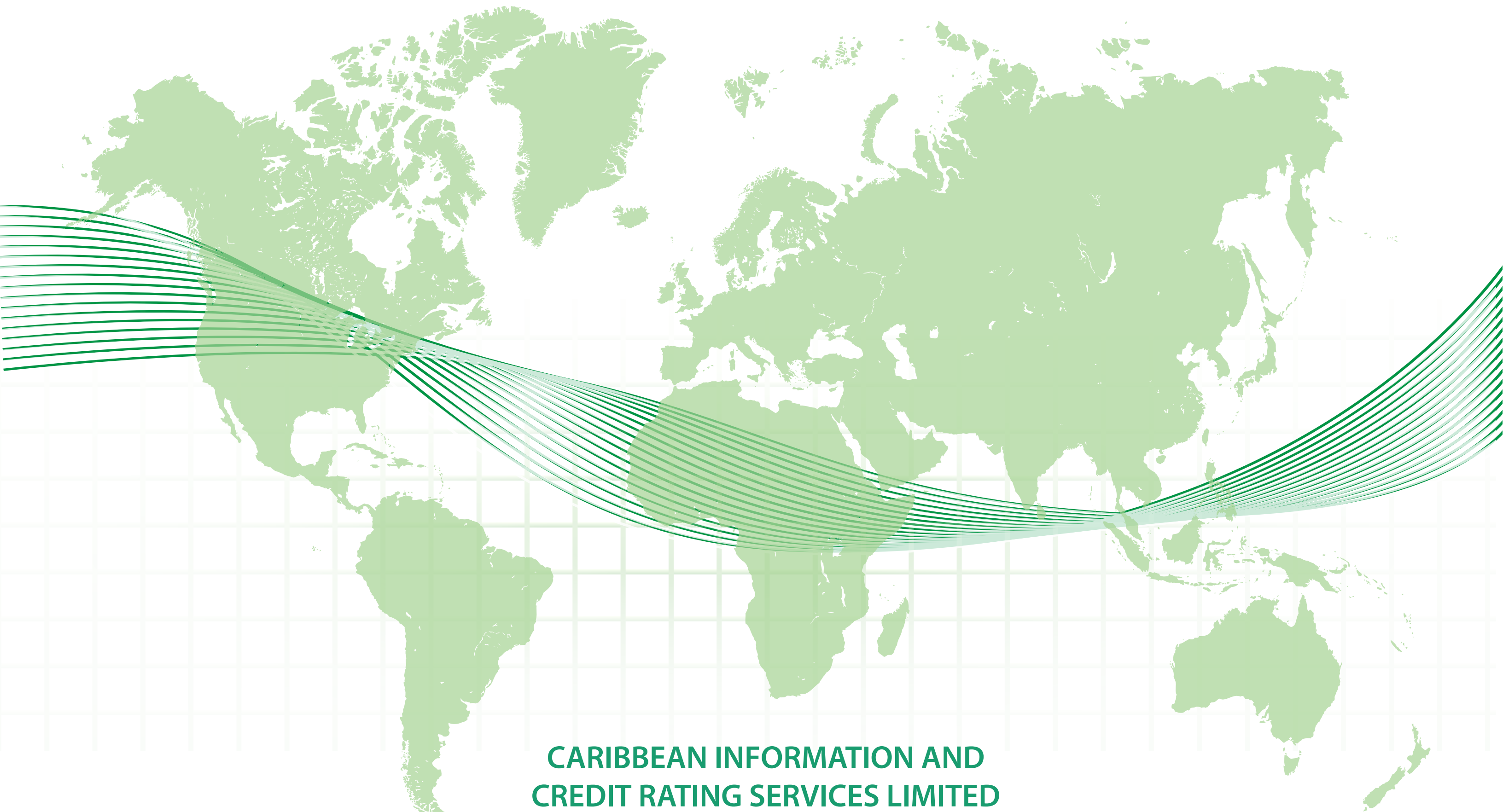
Back row from left to right:

Kerryn De Landro, Office Assistance; **Andre Joseph**, Senior Manager, Ratings; **Megan Dass**, Research Associate; **Myles Phillips**, Rating Analyst; **Nadia Ramraj**, Rating Analyst; **Stefan Fortune**, Manager, Ratings, Research & Training; **Prudence Charles**, Administrative Supervisor, **Wayne Dass**, Chief Executive Officer; **Jeffrey James**, Research Associate; **LaToya Boyea**, Rating Analyst; **Keith Hamlet**, Rating Analyst; **Nicole Budd**, Senior Manager, Finance & Administration; **Sadé Shari St. Louis**, Rating Analyst

Front row from left to right:

Anelia Oudit, Rating Analyst; **Sita Sonnyram**, Administrative Assistant; **Michelle Kandasammy**, Rating Analyst; **Kathryn Budhooram**, Manager, Ratings

AUDITED FINANCIAL STATEMENTS OF



CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

March 31, 2018

(Expressed in United States Dollars)

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, 2018, 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 the achievement of Company 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 06, 2018

Nicole Budd, FCCA, MBA, CA
Senior Manager, Finance and Administration
June 06, 2018

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, 2018, 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, 2018, 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 to the Shareholders of Caribbean Information and Credit Rating Services Limited (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 06, 2018

Statement of Financial Position

March 31, 2018 • (Expressed in United States Dollars)

	Notes	2018 $	2017 $
ASSETS			
Non-current assets			
Property and equipment	4	27,734	15,996
Deferred tax asset, net	5	5,358	4,418
Receivables and other assets	6	13,935	13,935
Repurchase agreements	7	608,536	574,804
Tax recoverable		10	526
		655,573	609,679
Current assets			
Receivables and other assets	6	219,902	189,788
Cash and cash equivalents	8	617,032	624,816
		836,934	814,604
Total Assets		1,492,507	1,424,283
LIABILITIES AND EQUITY			
Current liabilities			
Deferred revenue		-	52,252
Accrued expenses and other liabilities	9	92,483	126,242
Taxation Payable		255	-
		92,738	178,494
Shareholders' equity			
Share capital	10	4,561,688	4,561,688
Accumulated deficit		(3,161,919)	(3,315,899)
		1,399,769	1,245,789
Total liabilities and equity		1,492,507	1,424,283

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

On June 06, 2018, 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, 2018 • (Expressed in United States Dollars)

	Notes	2018 $	2017 $
Revenue	11	1,254,148	1,248,725
Direct operating expenses	12	(485,342)	(467,478)
Gross profit		768,806	781,247
Other operating and administrative expenses	12	(621,024)	(596,959)
Profit from operations before net finance income		147,782	184,288
Finance income		15,976	16,018
Finance cost		(3,097)	(2,299)
Net finance income		12,879	13,719
Profit before taxation		160,661	198,007
Taxation	13	(6,681)	(9,474)
Net profit being total comprehensive profit for the year		153,980	188,533

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

Statement of Changes in Equity

Year ended March 31, 2018 • (Expressed in United States Dollars)

	Share Capital $	Accumulated Deficit $	Total Shareholders' Equity $
Year ended March 31, 2017			
Balance at April 1, 2016	4,561,688	(3,504,432)	1,057,256
Total comprehensive income for the year	-	188,533	188,533
Balance at March 31, 2017	4,561,688	(3,315,899)	1,245,789
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

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

Statement of Cash Flows

Year ended March 31, 2018 • (Expressed in United States Dollars)

	Notes	2018 $	2017 $
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before taxation		160,661	198,007
Adjustments to reconcile profit to net cash generated from operating activities:			
Depreciation	4	12,851	8,487
		173,512	206,494
Changes in:			
- Receivables and other prepayments		(30,114)	22,030
- Accrued expenses and other liabilities		(33,759)	17,318
- Deferred revenue		(52,252)	33,395
Cash generated from operations		57,387	279,237
Tax paid		(6,850)	(8,138)
Net cash from operating activities		50,537	271,099
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment	4	(24,589)	(13,656)
Change in repurchase agreements		(33,732)	(75,007)
Net cash used in investing activities		(58,322)	(88,663)
(Decrease) increase in cash and cash equivalents		(7,784)	182,436
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		624,816	442,380
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	617,032	624,816

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

Notes to the Financial Statements

March 31, 2018 • (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.

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 four 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. 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 recognized in the statement of comprehensive income.

Notes to the Financial Statements (continued)

March 31, 2018 • (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.

Notes to the Financial Statements (continued)

March 31, 2018 • (Expressed in United States Dollars)

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. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled.

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.

Notes to the Financial Statements (continued)

March 31, 2018 • (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.

Notes to the Financial Statements (continued)

March 31, 2018 • (Expressed in United States Dollars)

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 the company satisfies the performance obligation of assignment of ratings, and the ratings are reviewed and approved by the Rating Committee. Thereafter the client obtains control of the rating.

(b) Surveillance income

Surveillance income is recognised 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.

Notes to the Financial Statements (continued)

March 31, 2018 • (Expressed in United States Dollars)

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) 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.

Notes to the Financial Statements (continued)

March 31, 2018 • (Expressed in United States Dollars)

2. Summary of Significant Accounting Policies (continued)

New, revised and amended standards and interpretations

q) 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:

- Amendments to IAS 7, Statement of Cash Flows, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.
- Amendments to IAS 12, Income Taxes, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:
  - The existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
  - A deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
  - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
  - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.
  - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

Based on its assessment, the Company does not believe that these amendments will have a material impact on its 2018 financial statements.

Notes to the Financial Statements (continued)

March 31, 2018 • (Expressed in United States Dollars)

2. Summary of Significant Accounting Policies (continued)

New, revised and amended standards and interpretations (continued)

r) New standards and interpretations not yet adopted

- 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 though 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 recognised.

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

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

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

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

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

Notes to the Financial Statements (continued)

March 31, 2018 • (Expressed in United States Dollars)

2. Summary of Significant Accounting Policies (continued)

New, revised and amended standards and interpretations (continued)

r) New standards and interpretations not yet adopted (continued)

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 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.

Notes to the Financial Statements (continued)

March 31, 2018 • (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

	TT $	US $	Total $
As at March 31, 2018			
Financial assets			
Receivables (Note 6)	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

Notes to the Financial Statements (continued)

March 31, 2018 • (Expressed in United States Dollars)

3. Financial Risk Management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	TT $	US $	Total $
As at March 31, 2017			
Financial assets			
Receivables (Note 6)	8,919	146,697	155,616
Repurchase agreement	154,804	420,000	574,804
Cash and cash equivalents	105,192	519,624	624,816
Total financial assets	268,915	1,086,321	1,355,236
Financial liabilities			
Accrued expenses and other liabilities	84,865	41,377	126,242
Total financial liabilities	84,865	41,377	126,242
Net foreign exchange risk position	184,050	1,044,944	1,228,994

At March 31, 2018 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$3,353 lower (post-tax profit 2017: US$1,841 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.

Notes to the Financial Statements (continued)

March 31, 2018 • (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, 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
As at March 31, 2017				
Assets				
Receivables	-	-	155,616	155,616
Repurchase agreements	-	574,804	-	574,804
Cash and cash equivalents	584,914	-	39,902	624,816
Total assets	584,914	574,804	195,518	1,355,236
Liabilities				
Other liabilities	-	-	126,242	126,242
Total liabilities	-	-	126,242	126,242
Interest sensitivity gap	584,914	574,804	69,276	1,228,994

Notes to the Financial Statements (continued)

March 31, 2018 • (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, 2018 nor as at March 31, 2017.

(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:

	2018 $	2017 $
Trade receivables (Note 6)	197,525	135,180
Repurchase agreements	608,536	574,804
Cash and cash equivalents	617,032	624,816
	1,423,093	1,334,800

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:

	2018 $	2017 $
1 - 30 days	10,195	110,575
31- 90 days	174,257	24,181
> 90 days	13,073	424
	197,525	135,180

These financial assets are not rated.

Notes to the Financial Statements (continued)

March 31, 2018 • (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 $92,483 (2017: $126,242) 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, 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

Notes to the Financial Statements (continued)

March 31, 2018 • (Expressed in United States Dollars)

4. Property and Equipment (continued)

	Leasehold Improvements $	Computer Equipment $	Office Equipment $	Motor Vehicles $	Total $
Year ended March 31, 2017					
Opening net book amount	676	4,932	5,219	-	10,827
Additions	-	13,656	-	-	13,656
Depreciation charge	(178)	(6,453)	(1,856)	-	(8,487)
Closing net book amount	498	12,135	3,363	-	15,996
At March 31, 2017					
Cost	103,750	85,588	42,800	10,475	242,613
Accumulated depreciation	(103,252)	(73,453)	(39,437)	(10,475)	(226,617)
Net book amount	498	12,135	3,363	-	15,996

5. Deferred Tax Asset (Liability)

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

	2018 $	2017 $
Balance at beginning of year	4,418	6,304
Credit (debit) to statement of comprehensive income (note 13)	940	(1,886)
Balance at end of year	5,358	4,418

Notes to the Financial Statements (continued)

March 31, 2018 • (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, 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

	Balance at April 1, 2016 $	Charge to Statement of Comprehensive Income $	Balance at March 31, 2017 $
As at March 31, 2017			
Deferred tax asset:			
Property and equipment	6,304	(1,886)	4,418

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$2,795,866 (2017: US$2,949,846), 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.

Notes to the Financial Statements (continued)

March 31, 2018 • (Expressed in United States Dollars)

6. Receivables and Other Assets

	2018 $	2017 $
Trade receivables	197,525	135,180
Other receivables	13,624	20,436
Prepayments	22,688	48,107
	233,837	203,723
Current portion	219,902	189,788
Non-current portion	13,935	13,935
	233,837	203,723

7. Repurchase Agreements

Repurchase agreements	608,536	574,804

The balance comprises of three Agreements: US$81,083 (TT$508,523) dated 07 April 2017 for 1 year at 1.20% per annum, US$90,186 (TT$602,493) dated 09 June 2017 for 1 year at 1.20% per annum and US$437,267 dated 26 January 2018 for two years at 2.05% per annum.

8. Cash and Cash Equivalents

	2018 $	2017 $
Cash at bank and on hand	186,261	243,916
Money market securities	430,771	380,900
	617,032	624,816

Notes to the Financial Statements (continued)

March 31, 2018 • (Expressed in United States Dollars)

9. Accrued Expenses and Other Liabilities

	2018 $	2017 $
Trade payables	17,835	19,908
MIF Disbursement	-	8,478
Statutory payables	20,716	24,041
Credit card accounts	5,142	3,849
Incentive compensation	13,896	18,869
Accrued fees	34,894	51,097
	92,483	126,242

10. Share Capital

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

11. Revenue

Rating income	330,278	234,538
Surveillance income	734,443	776,785
Training income	147,552	127,892
Technical services	41,875	109,510
	1,254,148	1,248,725

12. Expenses Analysis by Nature

Direct operating expenses		
Staff cost - ratings (Note 14)	359,209	353,323
RCM fees (retainer and sitting)	68,000	76,000
Professional Fees	25,894	-
External training to clients	32,239	38,155
	485,342	467,478

Notes to the Financial Statements (continued)

March 31, 2018 • (Expressed in United States Dollars)

12. Expenses Analysis by Nature (continued)

	2018 $	2017 $
Other Operating and administrative expenses		
Staff cost - other (Note 14)	408,657	400,918
Directors' expenses (Travelling)	176	155
Lease rentals	102,338	103,375
Depreciation	12,851	8,487
Rating committee expenses (Travelling and accommodation)	7,641	7,070
Communication	13,143	10,406
Foreign travel	13,741	984
Business promotion	3,152	10,438
Legal and professional fees	9,293	17,669
Withholding Tax expense	8,008	3,021
Transport	8,552	8,374
Miscellaneous	45,419	33,400
Net foreign exchange gains	(14,124)	(9,131)
Repairs and maintenance	2,177	1,793
	621,024	596,959

13. Taxation

	2018 $	2017 $
Business levy	7,621	7,588
Deferred tax (Note 5)	(940)	1,886
	6,681	9,474
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	160,661	198,007
Tax calculated at a rate of 25%	40,165	49,502
Items not deductible for tax purposes	5,283	1,720
Business levy	7,621	7,588
Tax loss utilized for the year	(46,388)	(49,336)
	6,681	9,474

March 31, 2018 • (Expressed in United States Dollars)

14. Staff Costs

	2018 $	2017 $
Wages and salaries	709,745	700,170
National insurance	32,296	29,198
Meal allowance	25,825	24,873
	767,866	754,241
Staff cost ratings	359,209	353,323
Staff cost other	408,657	400,918
	767,866	754,241

15. Related Party Transactions

Key management compensation:		
Salaries and other short-term benefits	210,390	212,624

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:

	2018 $	2017 $
Within one year	100,590	100,590
1-3 year	83,825	184,415
	184,415	285,005

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 $102,338 (2017: $103,375).

NOTES

Notes

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