

The logo for CariCRIS, featuring the company name in a white serif font on a blue rectangular background with a green horizontal line at the bottom.

Caribbean Information & Credit Rating Services Limited

ANNUAL REPORT 2017



REGIONAL RATINGS. GLOBAL STANDARDS

ABOUT US

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

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

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

MISSION

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

CORE VALUES

- INTEGRITY
- INDEPENDENCE
- ANALYTICAL RIGOUR
- TEAMWORK

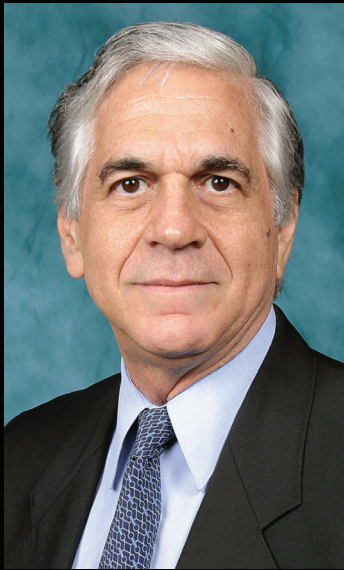


excellent

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CHAIRMAN'S STATEMENT



Dear Shareholders

2016 was another difficult year for the world economy, marked by sluggish global trade, weak investment and heightened policy uncertainty. Caribbean economies also experienced a challenging year, with the major commodity exporters all experiencing weaker performance than in 2015, though the service-based economies fared somewhat better with a pick-up in tourism. Notwithstanding these overall strained conditions, I am pleased to report that Caribbean Information and Credit Rating Services Limited (CariCRIS) performed well. Total revenue for the year ended March 31, 2017 grew by 8.0% to USD1,248,725 and profit after tax increased by 143% to USD188,533.

Importantly, during the year, the Company continued its capital market development work of increasing the level of information available to investors in the region through its independent credit rating reports, thereby enabling more informed financial and investment decision-making. The company also continued its role of providing independent valuations of bonds, addressing the need for independence and uniformity in the pricing of regional fixed income securities. CariCRIS also successfully executed several risk management training programmes in several countries, with the objective of improving the analytical skills of finance and risk professionals across the region.

Though the outlook is for some improvement in economic performance both globally and regionally in 2017, which could boost demand for the Company's services, this economic recovery can be easily derailed through several downside risks. Implementation of risk-based regulatory regimes in the financial sector should also serve to increase the demand for credit ratings.

During the year Mr. Glenn Gersie, Governor of the Central Bank of Suriname, joined the board. Also during the year Mr. Harold Codrington resigned from the board consequent upon his retirement from the Central Bank of Barbados, and Mr. Patrick Hylton resigned from the board due to a heavy workload at his organisation, the NCB Jamaica Group. On behalf of the other board members, I welcome Mr. Gersie to the board and extend sincere thanks to Messrs. Codrington and Hylton for their valuable contribution to our organisation over the years. Further, I thank the members of the board and the rating committee of CariCRIS for their significant contribution to this important capital market development organization. I also thank our shareholders for their continued support, our valuable clients and institutional investors for the confidence placed in our organisation, and our management and staff for their dedication and commitment to excellence.

A handwritten signature in black ink, appearing to read 'Terrence Martins', enclosed in a dark rectangular box.

Terrence Martins
Chairman
16 June 2017

CHIEF EXECUTIVE OFFICER'S REPORT



Despite a challenging operating environment in the past year, Caribbean Information and Credit Rating Services Limited (CariCRIS) produced excellent results, continuing its trend of top line growth and improving profitability. The total number of entities rated since inception increased to 163 and ratings subject to annual reviews stood at 36 as at March 31, 2017. 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 16 countries across the Caribbean, reflective of our wide regional presence.

FINANCIAL PERFORMANCE

Total revenue for the year ended March 31, 2017 grew by 8.0% to USD1,248,725, compared to USD1,155,906 in the prior year. This increase in total revenue was driven primarily by a 10.6% improvement in the Company's core source of revenue, Rating and Surveillance fees. Through careful expense management, total expenses (direct and indirect) declined by 1.6% to USD1,064,437 from USD1,081,385 in the prior year. As a result, with net finance income almost doubling from USD7,452 in 2016 to USD13,719 in 2017, the Company turned a profit before tax of USD198,007 in the year ended March 31, 2017, this being the third consecutive year of profits. Profit after tax was USD188,533 representing a 143% increase over the prior year after tax profit

of USD77,604. Consequently, the company's Net Shareholders' Equity grew by 17.8% to USD1,245,789 as at 31 March 2017. Our performance in FY 2016/17 represented solid progress in our path to sustainability (See Charts 1 to 3).

CAPITAL MARKET DEVELOPMENT

CariCRIS, through our risk management training programmes, plays a key role in raising the level of analytical skills of risk and finance professionals across the region. During the year we hosted successful risk workshops in Jamaica, Barbados and Trinidad and Tobago. We continue to leverage 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 on 'Early Warning Signals in Banks', 'Risk Management in Banks and Capital Implications' and 'Best Practices in Financial Modelling and Valuation'. 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 high-level, cutting-edge training from global and regional experts to our risk and investment professionals in the Caribbean.

Chart 1: Total Income in USD

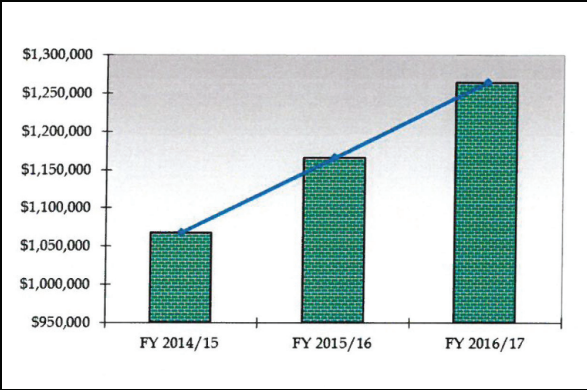


Chart 2: Profit after Tax in USD

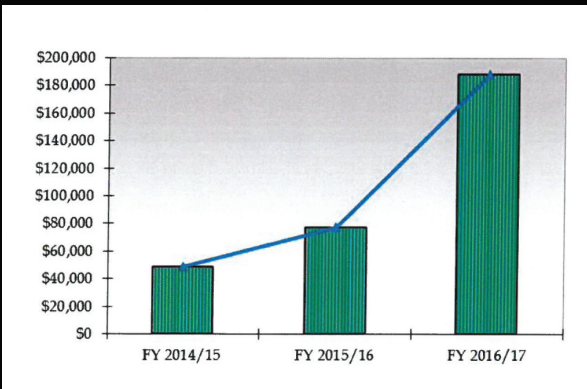
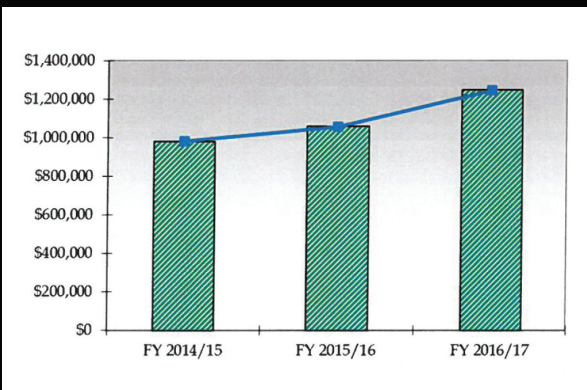


Chart 3: Net Shareholders' Equity in USD



CariCRIS is engaged in a programme of State Enterprise Ratings on behalf of the Government of the Republic of Trinidad and Tobago, with a view to improving transparency in the state enterprise sector and enabling selected enterprises to attract investment and/or raise capital on their own accord. During the year we completed annual reviews of the ratings assigned to 8 state enterprises.

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. During the year we also expanded our technical service offerings by completing an independent Enterprise Risk Management Audit of a financial institution, 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 YEAR AHEAD

Some improvement in the world economy is expected in 2017, with a growth forecast of the order of 3.5%, though fraught with key downside risks. The performance of Caribbean economies should also improve somewhat in 2017, with an expected overall growth outlook of 1.7%, hinged on a return to positive growth of Trinidad and Tobago. In these circumstances, new debt offerings for rating may pick up. On the regulatory front, implementation of Basel 2 & 3 capital standards by the banks, as well as the passage of the new Insurance Bill in Trinidad and Tobago with risk-based capital requirements, should further boost the demand for ratings.

ACKNOWLEDGEMENT

I sincerely thank our Chairman, the board of directors and the rating committee members for their continued commitment and outstanding contribution 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

16 June 2017

BOARD OF DIRECTORS



MR. TERENCE MARTINS - CHAIRMAN

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



MR. RONALD F. deC. HARFORD - DIRECTOR

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



MR. VENKATARAMAN SANKARANARAYANAN - DIRECTOR

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



MS. VASHTIE DOOKIESINGH - DIRECTOR

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

BOARD OF DIRECTORS CONT'D

**MR. PAWAN AGRAWAL - DIRECTOR**

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

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

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

**MRS. NICOLE CROOKS - DIRECTOR**

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

BOARD OF DIRECTORS CONT'D

**MR. PETER BLACKMAN - DIRECTOR**

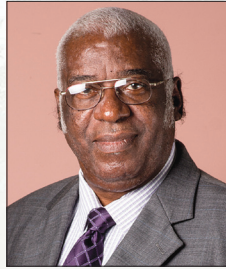
Mr. Peter Blackman is currently the Manager of private sector operations at the Caribbean Development Bank. In this role he has direct responsibility for activities related to the provision of credit and technical assistance programmes aimed at facilitating the development of SMEs, as well as contributing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

**DR. JUSTIN ROBINSON, B.SC., M.SC., PH.D.**

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. 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. Dr. Robinson currently serves as Chairman of the National Insurance Scheme Barbados, Member of the Board of Directors of the Central Bank of Barbados, and Vice President of the Barbados Museum and Historical Society.

Dr. Robinson 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.

RATING COMMITTEE



MR. MARIUS ST. ROSE – CHAIRMAN

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



MR. WILLIAM P. LUCIE-SMITH - MEMBER

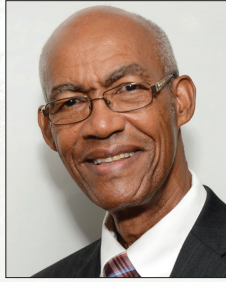
William P. Lucie-Smith is a retired Senior Partner of PriceWaterhouseCoopers Trinidad where he headed its Corporate Finance and Recoveries practice. A Chartered Accountant by profession, Mr. Lucie-Smith holds an MA in Philosophy, Politics and Economics from Oxford University. He has extensive experience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



MR. RICHARD DOWNER - MEMBER

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

RATING COMMITTEE CONT'D

**MR. DWIGHT RICHARDSON - MEMBER**

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

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

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

**MR. BEN ARRINDELL - MEMBER**

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

RATING COMMITTEE CONT'D

**MR. WAYNE DASS - MEMBER**

Mr. Wayne Dass is the Chief Executive Officer of Caribbean Information and Credit Rating Services Limited (CariCRIS). Wayne has garnered over twenty-five years' combined experience in engineering and financial markets, and built specific expertise over the past 15 years in credit risk assessment, financial risk management and investment management. Prior to joining CariCRIS, Wayne held senior leadership positions in prominent regional financial institutions. Over the past 10 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



S Events



MANAGEMENT TEAM



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



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



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



STEFAN FORTUNE, B.Sc., M.Sc.
MANAGER, RATINGS,
RESEARCH & TRAINING



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



RATING TEAM

Standing L - R: Sadé Shari St. Louis - Rating Analyst, Anelia Oudit - Rating Analyst, Kathryn Budhoomam - Manager, Ratings, Michelle Kandasammy - Rating Analyst, Nadia Ramraj - Rating Analyst, Shannon Seebran - Research Associate, Andre Joseph - Senior Manager, Ratings.

Sitting L - R: Myles Phillips - Rating Analyst, Stefan Fortuné - Manager Ratings, Research & Training, LaToya Boyea - Rating Analyst, Keith Hamlet - Rating Analyst.



ADMINISTRATION TEAM

L-R: Keisha Antoine - Assistant Accountant, Nicole Budd - Manager Finance & Administration, Kerryn De Landro - Office Assistant, Sita Sonnyram - Administrative Assistant, Prudence Charles - Administrative Supervisor

A magnifying glass is positioned over a calculator and several sheets of financial documents, likely an audit trail. The scene is bathed in a cool blue light, with a faint grid pattern overlaid on the background. The magnifying glass focuses on a specific area of the calculator's display and the documents below it.

AUDITED FINANCIAL STATEMENTS OF

CARIBBEAN INFORMATION AND
CREDIT RATING SERVICES LIMITED

March 31, 2017
(Expressed in United States Dollars)

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED**March 31, 2017**

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KPMG

Chartered Accountants

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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, 2017, 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, 2017, 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.



Responsibilities of Management and those charged with Governance for the Financial Statements (continued)

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.

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.



Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 05, 2017

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Statement of Financial Position

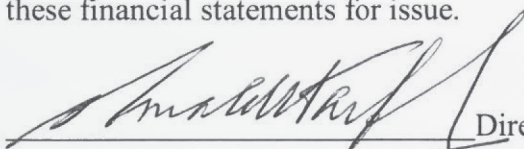
March 31, 2017

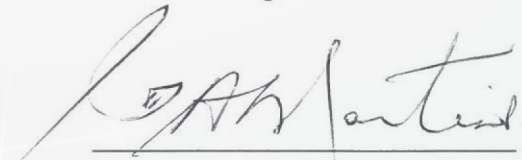
(Expressed in United States Dollars)

	Notes	2017	2016
		\$	\$
ASSETS			
Non-current assets			
Property and equipment	4	15,996	10,827
Deferred tax asset, net	5	4,418	6,304
Receivables and other assets	6	13,935	13,935
Repurchase agreements	7	574,804	499,797
Tax recoverable		526	10
		<u>609,679</u>	<u>530,873</u>
Current assets			
Receivables and other assets	6	189,788	211,818
Cash and cash equivalents	8	624,816	442,380
		<u>814,604</u>	<u>654,198</u>
Total Assets		<u>1,424,283</u>	<u>1,185,071</u>
LIABILITIES AND EQUITY			
Current liabilities			
Deferred revenue		52,252	18,857
Accrued expenses and other liabilities	9	126,242	108,924
Taxation payable		-	34
		<u>178,494</u>	<u>127,815</u>
Shareholders' equity			
Share capital	10	4,561,688	4,561,688
Accumulated deficit		(3,315,899)	(3,504,432)
		<u>1,245,789</u>	<u>1,057,256</u>
Total liabilities and equity		<u>1,424,283</u>	<u>1,185,071</u>

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

On June 05, 2017, the Board of Caribbean Information and Credit Rating Services Limited authorised these financial statements for issue.


Director


Director

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Statement of Profit or Loss and Other Comprehensive Income

Year ended March 31, 2017

(Expressed in United States Dollars)

	Notes	2017	2016
		\$	\$
Revenue	11	1,248,725	1,155,906
Direct operating expenses	12	<u>(467,478)</u>	<u>(482,801)</u>
Gross profit		781,247	673,105
Other operating and administrative expenses	12	<u>(596,959)</u>	<u>(598,584)</u>
Profit from operations before net finance income		<u>184,288</u>	<u>74,521</u>
Finance income		16,018	9,928
Finance cost		<u>(2,299)</u>	<u>(2,476)</u>
Net finance income		<u>13,719</u>	<u>7,452</u>
Profit before taxation		198,007	81,973
Taxation	13	<u>(9,474)</u>	<u>(4,369)</u>
Net profit being total comprehensive profit for the year		<u>188,533</u>	<u>77,604</u>

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

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Statement of Changes in Equity

Year ended March 31, 2017

(Expressed in United States Dollars)

	Share Capital	Accumulated Deficit	Total Shareholders' Equity
	\$	\$	\$
Year ended March 31, 2016			
Balance at April 1, 2015	4,561,688	(3,582,036)	979,652
Total comprehensive income for the year	-	77,604	77,604
Balance at March 31, 2016	<u>4,561,688</u>	<u>(3,504,432)</u>	<u>1,057,256</u>
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	<u>4,561,688</u>	<u>(3,315,899)</u>	<u>1,245,789</u>

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

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Statement of Cash Flows

Year ended March 31, 2017

(Expressed in United States Dollars)

	Note	2017	2016
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before taxation		198,007	81,973
Adjustments to reconcile profit to net cash generated from operating activities:			
Depreciation	4	8,487	7,700
		<u>206,494</u>	<u>89,673</u>
Changes in operating assets and liabilities			
Change in receivables and other prepayments		22,030	(30,513)
Change in accrued expenses and other liabilities		17,318	(3,650)
Change in deferred revenue		<u>33,395</u>	<u>(13,018)</u>
Cash generated from operations		279,237	42,492
Tax paid		<u>(8,138)</u>	<u>(3,778)</u>
Net cash from operating activities		<u>271,099</u>	<u>38,714</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment	4	(13,656)	(7,426)
Change in repurchase agreements		<u>(75,007)</u>	<u>(86,818)</u>
Net cash used in investing activities		<u>(88,663)</u>	<u>(94,244)</u>
Increase/(decrease) in cash and cash equivalents		182,436	(55,530)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>442,380</u>	<u>497,910</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	<u>624,816</u>	<u>442,380</u>

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

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

*(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 preparation

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

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

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

*(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.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

*(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.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

*(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.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

(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.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

*(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) New, revised and amended standards and interpretations

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

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

- IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
 - specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard;
 - the order of notes to the financial statements is not prescribed
 - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material
 - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
 - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

*(Expressed in United States Dollars)***2. Summary of Significant Accounting Policies (continued)****New, revised and amended standards and interpretations (continued)****p) *New, revised and amended standards and interpretations that became effective during the year (continued)***

- IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are amended as follows:
 - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
 - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.
- *Improvements to IFRS 2012-2014 cycle*, contain amendments to certain standards and interpretations amendments applicable to the Company as follows:

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

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

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

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

*(Expressed in United States Dollars)***2. Summary of Significant Accounting Policies** (continued)**New, revised and amended standards and interpretations** (continued)**p) *New, revised and amended standards and interpretations not yet effective***

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.

- 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.

The Company is assessing the impact that this amendment will have on its 2018 financial statements.

- 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.

The Company is assessing the impact that this amendment will have on its 2018

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

(Expressed in United States Dollars)

financial statements.

2. Summary of Significant Accounting Policies (continued)**New, revised and amended standards and interpretations** (continued)**p) New, revised and amended standards and interpretations not yet effective**

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

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

- IFRS 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.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

(Expressed in United States Dollars)

2. Summary of Significant Accounting Policies (continued)**New, revised and amended standards and interpretations (continued):****p) *New, revised and amended standards and interpretations not yet effective (continued)***

- IFRS 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.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

*(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
	\$	\$	\$
<u>As at March 31, 2017</u>			
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

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

*(Expressed in United States Dollars)***3. Financial Risk Management** (continued)**Financial risk factors** (continued)**(a) Market risk** (continued)**(i) Foreign exchange risk** (continued)

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

At March 31, 2017 if the functional currency had strengthened by 1% against the TT dollar with all other variables held constant, post-tax profit for the year would have been US\$1,841 lower (post-tax profit 2016: US\$1,037 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.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

*(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
	\$	\$	\$	\$
<u>As at March 31, 2017</u>				
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
<u>As at March 31, 2016</u>				
Assets				
Receivables	-	-	186,846	186,846
Repurchase agreements	-	499,797	-	499,797
Cash and cash equivalents	421,483	-	20,897	442,380
Total assets	421,483	499,797	207,743	1,129,023
Liabilities				
Other liabilities	-	-	108,924	108,924
Total liabilities	-	-	108,924	108,924
Interest sensitivity gap	421,483	499,797	98,819	1,020,099

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

*(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, 2017 nor as at March 31, 2016.

(b) Credit risk

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

Below is an analysis of assets bearing credit risk:

	<u>2017</u>	<u>2016</u>
	\$	\$
Receivables (Note 6)	135,180	186,846
Repurchase agreements	574,804	499,797
Cash and cash equivalents	624,816	442,380
	<u>1,334,800</u>	<u>1,129,023</u>

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

	<u>2017</u>	<u>2016</u>
	\$	\$
1 - 30 days	110,575	64,338
31- 90 days	24,181	86,849
> 90 days	424	35,659
	<u>135,180</u>	<u>186,846</u>

These financial assets are not rated.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

*(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 \$126,242 (2016: \$108,924) 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, 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	<u>498</u>	<u>12,135</u>	<u>3,363</u>	<u>-</u>	<u>15,996</u>
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	<u>498</u>	<u>12,135</u>	<u>3,363</u>	<u>-</u>	<u>15,996</u>

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

*(Expressed in United States Dollars)***4. Property and Equipment (continued)**

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

5. Deferred Tax Asset (Liability)

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Balance at beginning of year	6,304	7,392
(Debit) credit to statement of comprehensive income	(1,886)	(1,088)
Balance at end of year	<u>4,418</u>	<u>6,304</u>

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

*(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, 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

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

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\$2,949,846 (2016: US\$3,138,379), the tax effect of which have not been recognised due to the uncertain timing of their recovery. These losses have not yet been agreed with the Board of Inland Revenue.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

(Expressed in United States Dollars)

	<u>2017</u>	<u>2016</u>
	\$	\$
6. Receivables and Other Assets		
Trade receivables	135,180	186,846
Other receivables	20,436	14,546
Prepayments	<u>48,107</u>	<u>24,361</u>
	<u>203,723</u>	<u>225,753</u>
Current portion	189,788	211,818
Non-current portion	<u>13,935</u>	<u>13,935</u>
	<u>203,723</u>	<u>225,753</u>
7. Repurchase Agreements		
Repurchase agreements	<u>574,804</u>	<u>499,797</u>
<p>The balance comprises of three Agreements: US\$74,623 (TT\$500,000) dated 9th December 2016 for 180 days at 1.00% per annum, US\$80,181 (TT\$508,523) dated 7th April 2017 for 182 days at 1.20% per annum and US\$420,000 dated 21st January 2016 for two years at 2.05% per annum.</p>		
	<u>2017</u>	<u>2016</u>
	\$	\$
8. Cash and Cash Equivalent		
Cash at bank and on hand	243,916	101,107
Money market securities	<u>380,900</u>	<u>341,273</u>
	<u>624,816</u>	<u>442,380</u>

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

(Expressed in United States Dollars)

	<u>2017</u>	<u>2016</u>
	\$	\$
9. Accrued Expenses and Other Liabilities		
Trade payables	19,908	21,870
MIF Disbursement	8,478	4,144
Statutory payables	24,041	27,744
Credit card accounts	3,849	2,598
Incentive compensation	18,869	15,628
Accrued fees	<u>51,097</u>	<u>36,940</u>
	<u>126,242</u>	<u>108,924</u>
10. Share Capital		
<i>Authorised</i>		
Unlimited number of ordinary shares of no par value		
<i>Issued and fully paid</i>		
4,561,688 ordinary shares at US\$1.00	<u>4,561,688</u>	<u>4,561,688</u>
11. Revenue		
Rating income	234,538	245,313
Surveillance income	776,785	669,199
Training income	127,892	162,445
Technical services	<u>109,510</u>	<u>78,949</u>
	<u>1,248,725</u>	<u>1,155,906</u>
12. Expenses Analysis by Nature		
Direct operating expenses		
Staff cost - ratings (Note 14)	353,323	360,826
RCM fees (retainer and sitting)	76,000	80,000
External training to clients	<u>38,155</u>	<u>41,975</u>
	<u>467,478</u>	<u>482,801</u>

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

(Expressed in United States Dollars)

	<u>2017</u>	<u>2016</u>
	\$	\$
12. Expenses Analysis by Nature (continued)		
Other Operating and administrative expenses		
Staff cost - other (Note 14)	400,918	407,581
Directors' expenses (Travelling)	155	561
Lease rentals	103,375	109,630
Depreciation	8,487	7,700
Rating committee expenses (Travelling and accommodation)	7,070	6,172
Communication	10,406	11,828
Foreign travel	984	2,310
Business promotion	10,438	10,823
Legal and professional fees	17,669	11,698
Withholding Tax expense	3,021	213
Transport	8,374	6,114
Miscellaneous	33,400	34,827
Net foreign exchange gains	(9,131)	(11,347)
Repairs and maintenance	1,793	474
	<u>596,959</u>	<u>598,584</u>
13. Taxation		
Business levy	7,588	3,281
Deferred tax (Note 5)	1,886	1,088
	<u>9,474</u>	<u>4,369</u>
The tax on the profit from operations differs from the theoretical amount that would arise using the basic tax rate as follows:		
Profit before taxation	<u>198,007</u>	<u>81,973</u>
Tax calculated at a rate of 25%	49,502	20,493
Items not deductible for tax purposes	1,720	826
Business levy	7,588	3,281
Tax loss utilized for the year	<u>(49,336)</u>	<u>(20,231)</u>
	<u>9,474</u>	<u>4,369</u>

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2017

(Expressed in United States Dollars)

	<u>2017</u>	<u>2016</u>
	\$	\$
14. Staff Costs		
Wages and salaries	700,170	715,073
National insurance	29,198	26,276
Meal allowance	<u>24,873</u>	<u>27,058</u>
	<u>754,241</u>	<u>768,407</u>
Staff cost ratings	353,323	360,826
Staff cost other	<u>400,918</u>	<u>407,581</u>
	<u>754,241</u>	<u>768,407</u>

15. Related Party Transactions**Key management compensation:**

Salaries and other short-term benefits	<u>212,624</u>	<u>216,568</u>
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16. Contingent Liabilities and Commitments

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

Future minimum payments under leases are as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Within one year	100,590	86,167
1-3 year	<u>184,415</u>	<u>-</u>
	<u>285,005</u>	<u>86,167</u>

The Company has entered into a lease for office space. The lease is for a period of 3 years with renewal terms included in the contract at the option of the Company. The lease period ends on February 1, 2020.

Total lease rentals for the year amounted to \$103,375 (2016: \$109,630).



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