Annual Report 2013-2017

Including Financial Statements for 2013, 2014, 2015, 2016, & 2017

ecco

Protecting Music Rights

Photo by Jessica Lewis from Pexels

Eastern Caribbean Collective
Organization (ECCO Inc)

P.O. Box CP5380
Julian Charles Road
Sans Souci, Castries
St. Lucia

Teddyson John, St Lucia
Photo Credit: Wavemaker Photography

Mr. Martin James, Chairman

CHAIRMAN'S REPORT -- 2013 to 2017 Period Highlights

My tenure as Chairperson of the Eastern Caribbean Collective Organization between 2017 and 2019, in addition to having served on the board since 2014, equips me with unique insight into ECCO's progress over the period 2013 to 2017.

In presenting you with the transformative details of ECCO's recent history, some stand our more than others in my review. These defining highlights are as follows:

A core ingredient of a CMO's success is its ability to collect and process data and provide useful reporting. In 2013, ECCO migrated from the spanish-oriented, SGS database (used by the spanish society, SGAE) to CoSiS. The difference in language proved to be a challenge and the swich to CoSiS addressed that issue while providing an increase in productivity. CoSiS is a Documentation and Distribution software.

2014 gave rise to an extraordinary inititiative between our Barbadian sister society, COSCAP, and ECCO. Through funding from the Caribbean Export and Development Agency, and the support of the Barbados Investment and Development Corporation, "Calypso in Berlin" was launched.

The exciting initiative, which came to life in January 2015, was conceived to foster collaboration between a number of songwriters, performers, producers and arrangers from the Caribbean region with their counterparts in Berlin. The gains included the export of our Caribbean culture to Europe, how to market our music in the European market and the transfer of knowledge and skill between the two parties.

ECCO's adoption of a computer application (*AkiSoft*) in 2015 complimented its objective to further automate all aspects of the business. CoSiS had addressed the membership and distrubution needs of the organization but licensing had been lacking until then.

It is important to note that where both CoSiS and AkiSoft were concerned, they were sourced and acquired as part of a single effort by the group of CMOs which included ECCO, COSCAP, COTT and JACAP. A lot has been accomplished under the umbrella organization of ACCS (Association of Caribbean Copyright Societies) and a lot more would be in the years to come.

2016 was not bad at all for the organization. ECCO Inc. registered an overall increase in membership—an 8% growth to be exact. Membership count stood at 630 at the end of the year.

Large music users can make a notable difference to the balance sheet of a CMO and this was the case in 2016 when a cable settlement resulted in a significant payment to the coffers of ECCO Inc.

Change is inevitable and the seeds of change had been planted in 2017 when an Operational Review was executed by ECCO Inc. That operational review identified and addressed existing concerns within the company. It focused mainly on the financial management policies, internal controls, systems and the operating procedures of the organization. Many of the recommendations from that review were accepted to be implemented in the following year.

Addendum

It must be noted that this combined Annual Report is an exception to the norm. It acts as a corrective action to the individual reports that should have been submitted after the financial audit of each past year. A number of the key participants are no longer with the organization or occupy the same positions; consequently, our contributors to this report are the present and immediate past and available personnel who were very much entrenched in the operations and development of ECCO through the period 2013 to 2017.

KEY ACHIEVEMENTS AND ACTIVITIES DETAILED BY YEAR

2013

- Membership increased by 10.78 % across the ECCO territories
- Achieved an 11.98% growth in licensing revenue despite the challenging economic environment in the OECS
- Introduction of new technical tool - CoSIS
- Expansion of ACCS membership
- Negotiating joint ACCS/PRS digital agreements
- Digital Revenue began to flow in
- Increased the use of digital monitoring of broadcasters

2014

- Achieved a 9% growth in royalty collection (and successive growth in each year since ECCO was established in 2009)
- Licensing expanded to each active territory including St. Lucia, Commonwealth of Dominica, Grenada, Antigua & Barbuda, and St. Vincent & the Grenadines. Also conducted licensing activities in St. Kitts & Nevis although no local Agent was appointed or local Director was elected at that time
- Achieved a 9% growth in Membership
- Signed agreements with leading cable operators in two ECCO territories (LIME in Saint Lucia and SAT in the Commonwealth of Dominica)
- Established relationships with the local police force in Saint Lucia and St. Vincent & the Grenadines
- Established relationship with VAT Offices in Saint Lucia and Grenada where the VAT Office (with the agreement of licensees) share information on gate receipts with ECCO
- Raised public awareness of Intellectual Property Rights across the ECCO administered territories
- Created an online presence through the ECCO Website, FB, Twitter and Instagram
- Pursued litigation in 5 ECCO territories in answering the call from CISAC and Members to step up legal action
- In collaboration with COSCAP and the OECS secretariat was able to initiate the Calypso in Berlin project enabling ECCO members to perform and participate in workshops in Berlin, Germany

2015

- Achieved a $500,000+ increase in royalty collection representing a 43% growth
- Achieved an 9% growth in Membership which stood at 585 at the end of the year
- Achieved a drop in operating expenditure (**2014** - $761,817; **2015** - $751, 210)
- Increased Distributable revenue by approximately 116% (from $438,584 in **2014** to $947,480 in **2015**)

2016

- ECCO was successful in the Caribbean Cinema court matter
- Achieved an 8% growth in Membership which stood at 630 at the end of the year
- Collections from Cable Settlement

2017

- Achieved an 8% growth in Membership which stood at 682 at the end of the year
- Inclusion of St. Kitts & Nevis as a voting member on the Board of Directors
- Facilitating/Participating in the Business of Music Workshop

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GOVERNANCE

Board of Directors as at 31-Dec-17

Martin James Chairman St. Lucia	**Christine Charlemagne** Vice-Chair St. Lucia	**Daryl Bobb** Secretary Commonwealth of Dominica	**Buffalo Odlum** Writer Director St. Lucia
Claudia Edward-Ladner Writer Director St. Lucia	**Courtney Louis** Publisher Director St. Lucia	**Gilroy Hall** Writer Director St. Lucia	**Hugh James** Writer Director St. Lucia
Jemmot Anthony Writer Director St. Vincent & The Grenadines	**Tito Thomas** Writer Director Antigua & Barbuda	**Vernalderine Francis** Writer Director St. Kitts & Nevis	**Wayne Greene** Writer Director Grenada

Motto, St. Lucia
Photo Credit: Kordel Fermin Photography

Ms. Vanesta Mortley,
Operations Manager

EXECUTIVE SUMMARY

ECCO is very well placed within a growing market with a dire need for its services. There is adequate legislation in most of the OECS region that will facilitate the development of the organization and will allow for the delivery of an efficient service to its stakeholders. As is standard in most of the world, ECCO has a virtual monopoly in its line of business. As the number of radio and television stations, telecommunications, hotels, nightclubs and festivals increase, and creators continue to produce intellectual property in the field of music, the greater will be the market potential for the royalty collection service.

Opportunities for a thriving royalty collection business in the OECS region surpass the dangers of existing threats. The development and sustainability of the organization remains hopeful despite the challenges that exist in the political and socio-economic environment within the six member states within which we currently operate. The processes involved in dealing with the organization's weaknesses, and making the necessary representation to combat the challenges in its external and immediate environment, are all achievable. Some of the challenges and the responses to those challenges are listed below:

Challenges

- Developing the membership of the organization
- Lack of education and awareness of IP and ECCO in the OECS
- Differences in Legislation in each territory
- Low attendance for meetings in each of the territories where ECCO operates
- The cost of Interregional travel is exorbitant and poses a major obstruction in ECCO's ability to act as quickly and as effectively as necessary.
- The litigation process is costly, time-consuming and tedious
- Low compliance of major music users mainly -- broadcasters (radio, television and cable).

Response to Challenges

- Providing workshops and lectures to stakeholders on copyright management
- Continuing training towards the development of the organization's in-house competencies
- Increasing and improving on the organization's media presence
- Lobbying with Government for improved legislation that would impact the effectiveness of ECCO as a CMO and the quality of service offered to members
- Staying abreast with the technological advances in the industry

A proper functioning collective society must have in place an adequate and efficient monitoring mechanism to monitor the use of the works of its members and affiliate's in order to effectively fulfill its obligation to them. Today, monitoring is done via use of advanced digital technology attributed to the progressive nature of digitization while some of the traditional methods of monitoring are slowly becoming obsolete. This replaces analogue recordings and written logs, which contained the lists of musical works (played on radio and in nightclubs) which are usually submitted to the collection agencies to begin the process of royalty distribution according to the works that were used.

Digitization is also responsible for many of the major changes that have come about in the music industry over the last twenty years. The pervasive nature of Internet may be the greatest contributor to the digitization era and it is also the major platform for the dissemination of music both legally and illegally. To create a new revenue stream from licensing in the digital environment, ECCO would need to join hands, aggregate resources and repertoire with its sister societies within the region (under the ACCS umbrella). For ECCO and its sister societies (COSCAP, COTT, JACAP and BSCAP) an impact within this disruptive environment can only be made collectively as size does matter. It is expected that notable gains will be made by the ACCS membership before 2020.

ECCO's core business remains the collection of copyright royalties on behalf of its members and affiliated societies around the world for the public performance of their works and the distribution of those royalties to the rights holders. It is imperative particularly at this stage of ECCO's existence to ensure that as many creators, owners of intellectual property and music users, in general, acquire the essential knowledge relative to intellectual property rights and collective management organization such as ECCO. Up to this day, this sphere of knowledge remains fairly new to many rights holders, policy makers and users of intellectual property in our region.

The following are secondary yet significant actions which we have begun and are ongoing:

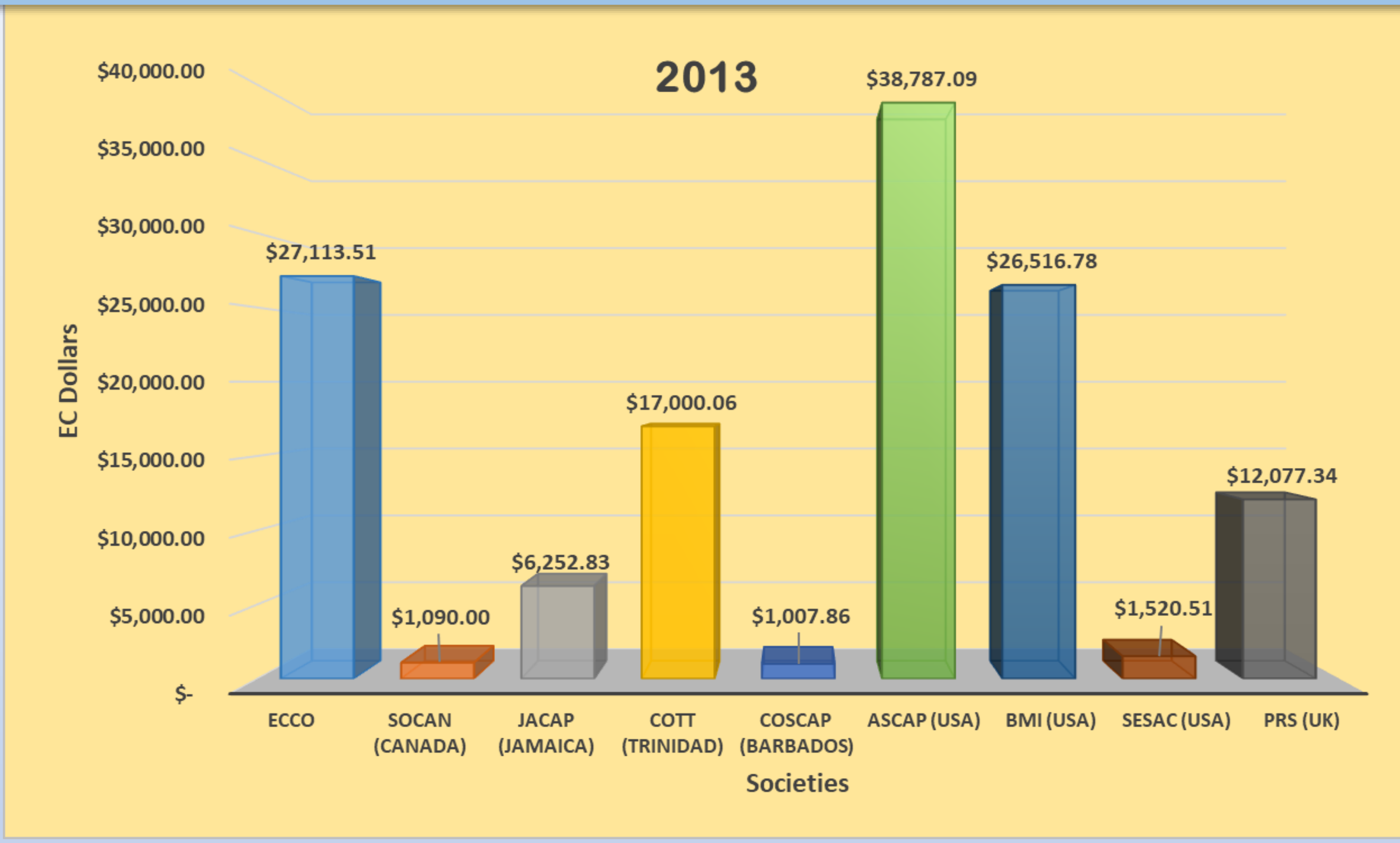
- Re-Introduce ECCO's services to the rights holders and music users
- Continue growth and development of existing services and products and explore new ones
- Improve transparency and efficiency of service to the membership and music user
- Increase revenue base

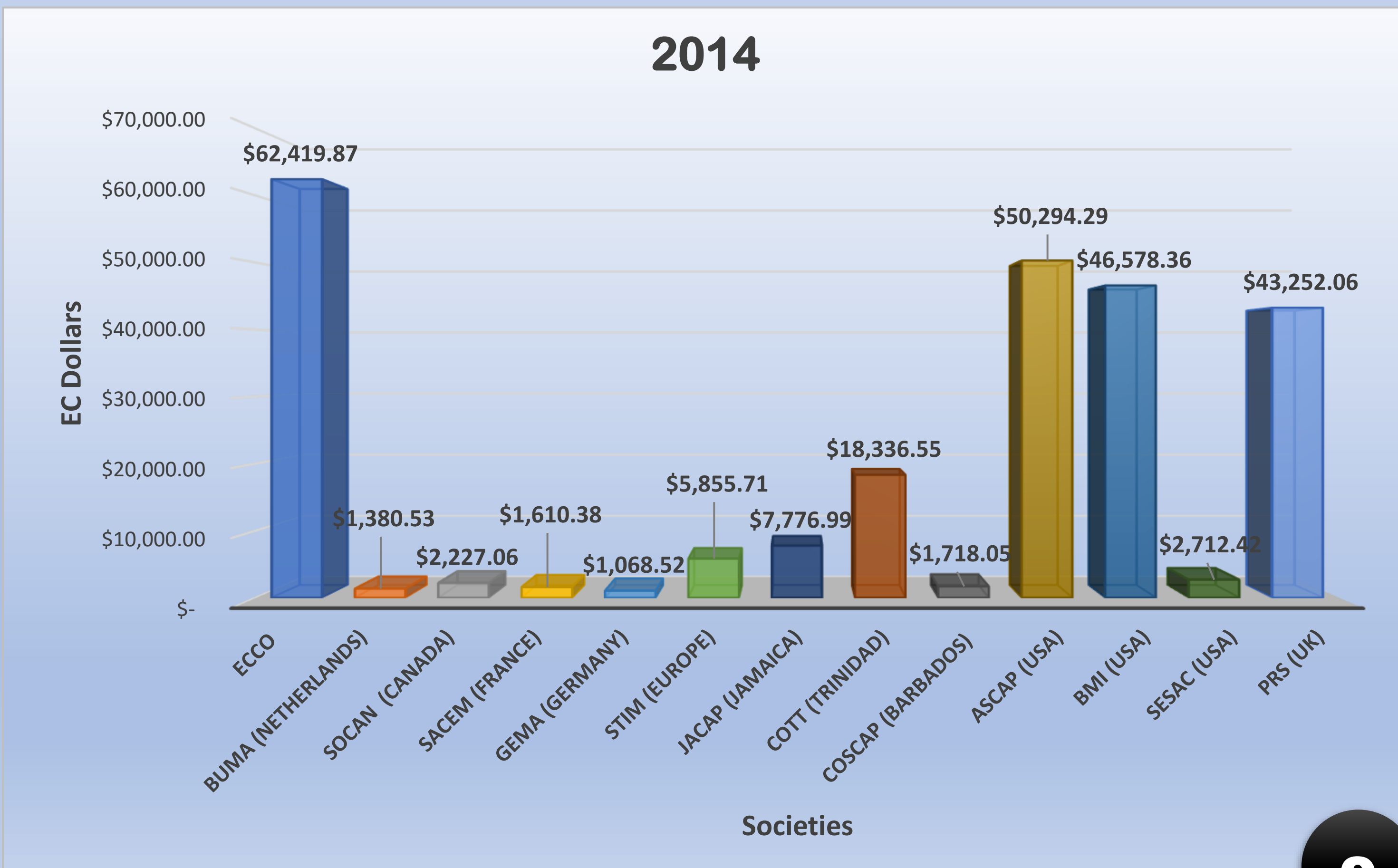
This will ensure the sustainability of the organization, benefit its membership and the music industry.

Membership as at 31-Dec-17

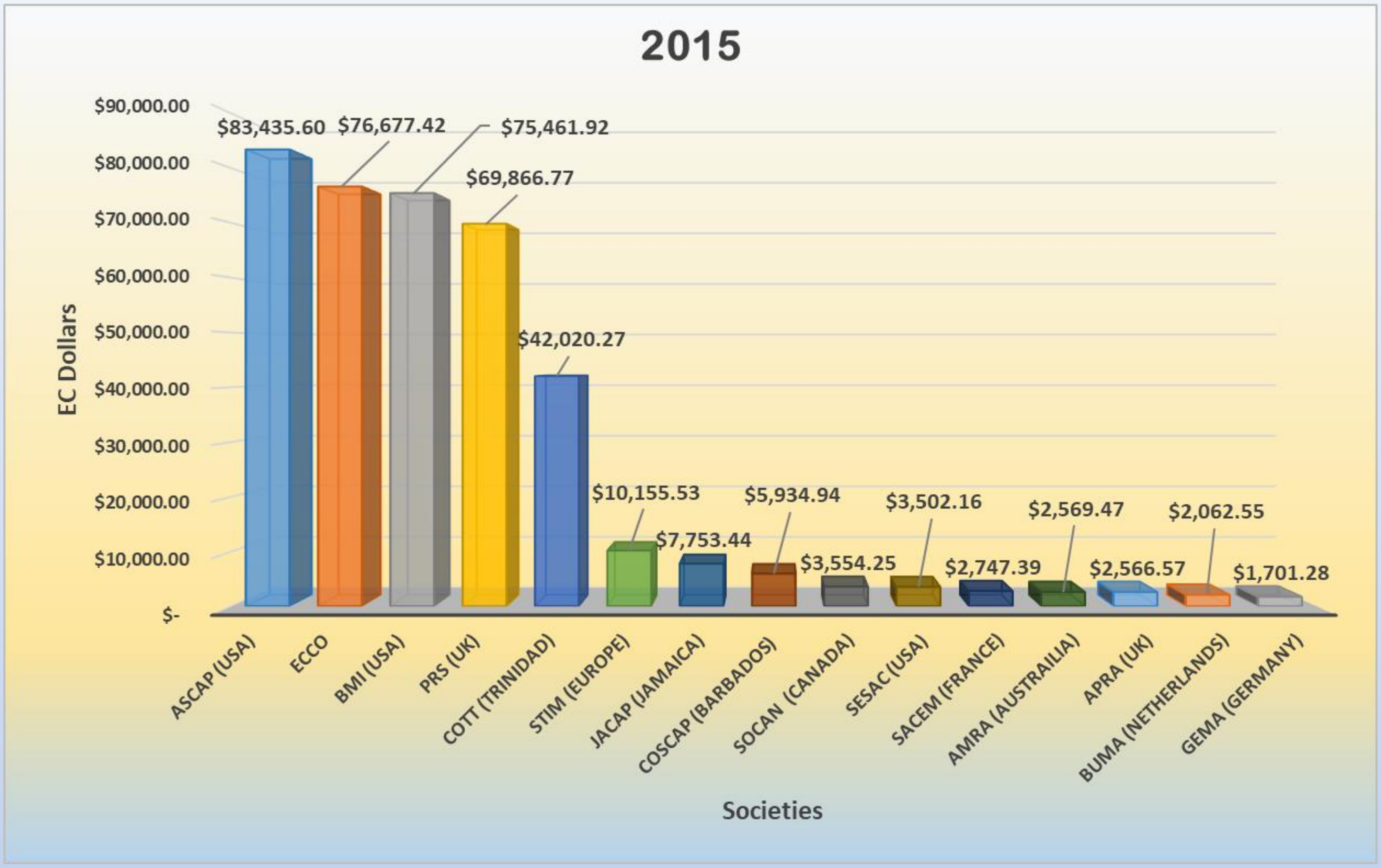
ECCO Territories	2013	2014	2015	2016	2017
Antigua & Barbuda	16	24	29	30	31
Commonwealth of Dominica	23	26	29	35	40
Grenada	24	33	36	39	39
St Kitts & Nevis	3	3	8	10	26
St. Lucia	389	403	428	456	477
St Vincent & the Grenadines	24	34	41	46	55
Other	12	13	14	14	14
Total	491	536	585	630	682

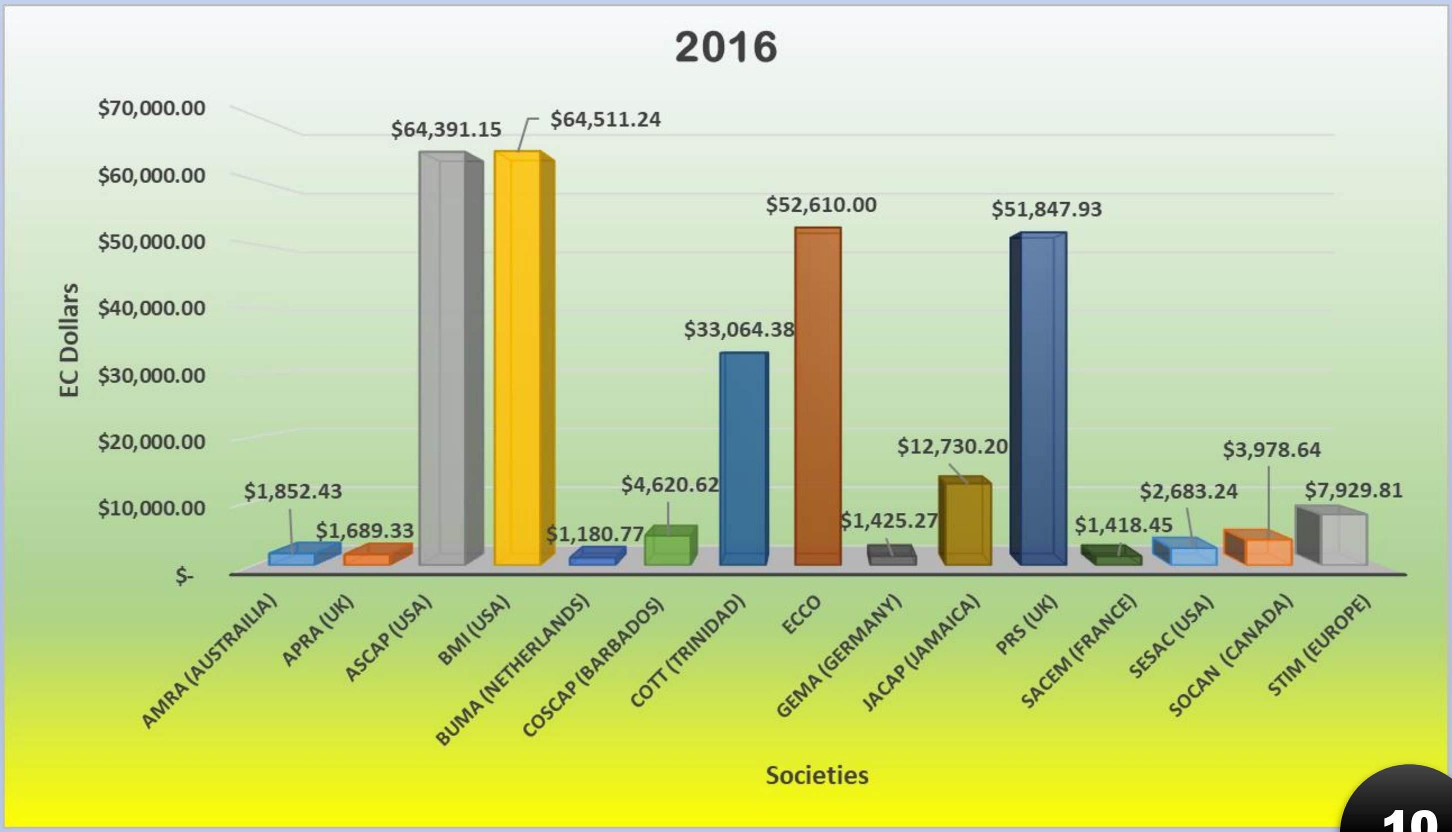
ROYALTY DISTRIBUTIONS TO ECCO MEMBERS & SISTER SOCIETIES



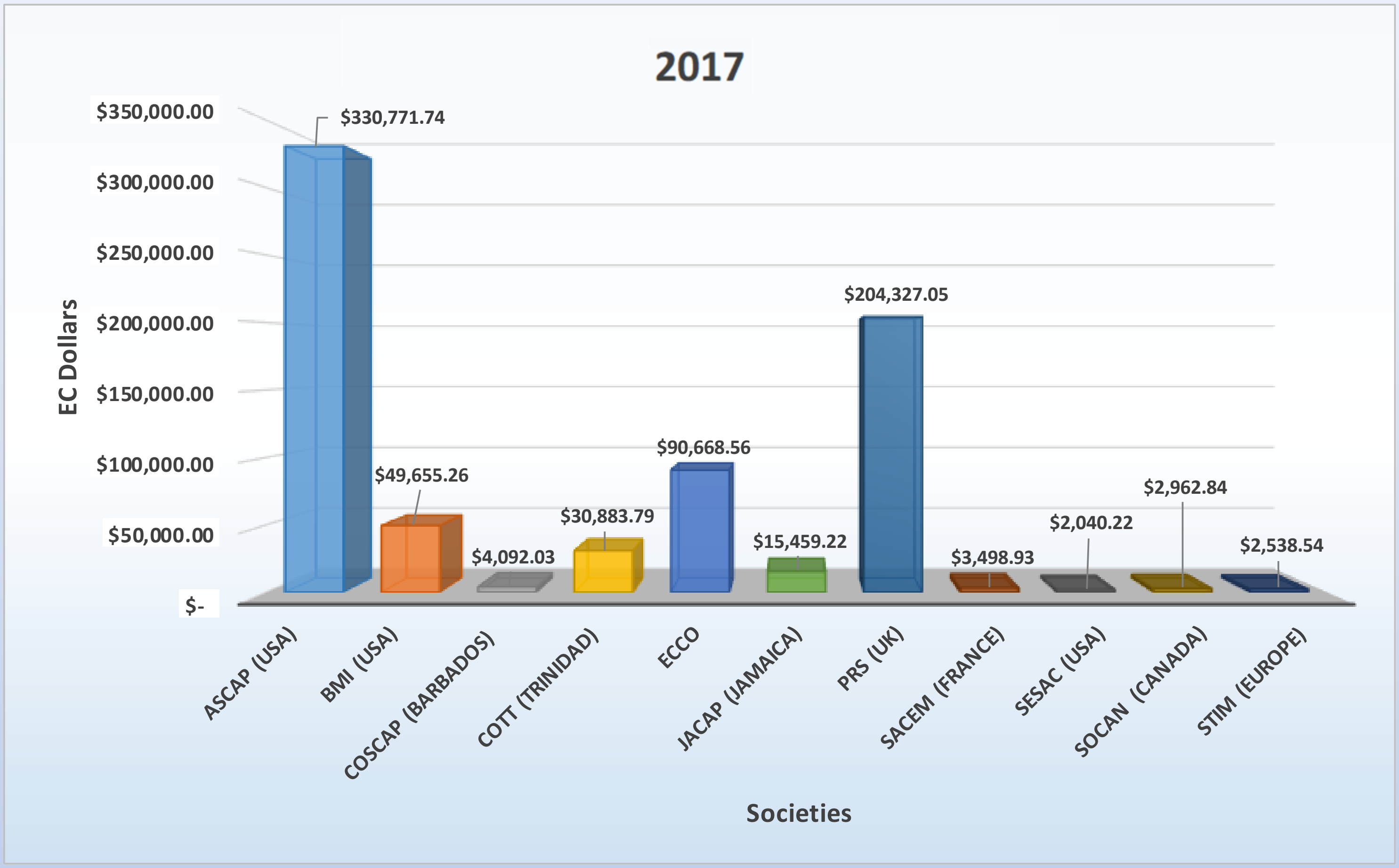


ROYALTY DISTRIBUTIONS (cont'd)





Royalty Distributions (cont'd)



Incoming Royalties from Affiliates

EC DOLLARS

Society/Year	Period (2013 to 2017) 2013	2014	2015	2016	2017
**ALL SOCIETIES	13,161.00	3,945.00	8,818.00	-	
COTT					12,335.40
JACAP					925.62
PRS					1,525.79
SOCAN					547.41
Total	13,161.00	3,945.00	8,818.00	-	15,334.22

**Please note for years prior to 2017 only the aggregated figures are available.

PI's

Pending Identification

			USD Equivalent
Pending Identification (2015 -2017)	$ 432,800.00		$ 159,299.20
Unidentified Channels (Cable)	$ 517,358.00		$ 190,422.17
Total (EC Dollars)	**$ 950,158.00**		$ 349,721.37

RECIPROCAL AGREEMENTS

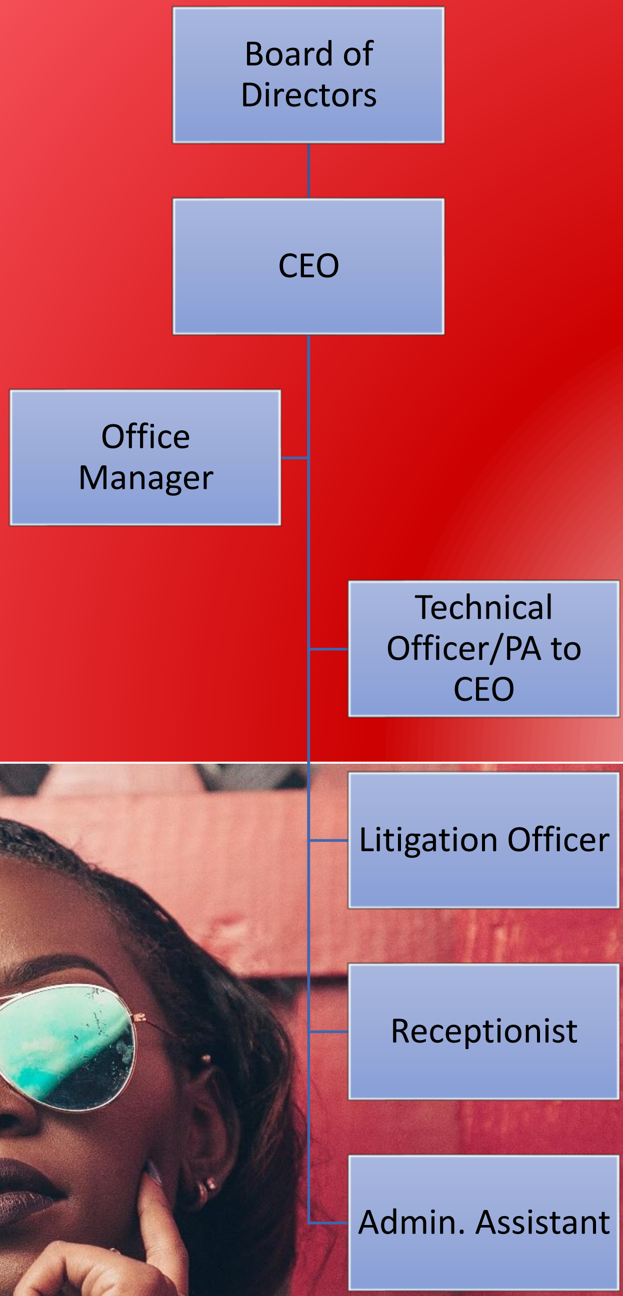
ECCO holds direct reciprocal agreements with the following collective management organizations world-wide.

ACDAM, Cuba	JACAP, Jamaica
ASCAP, USA	MCPS, United Kingdom
BMI, USA	PRS, United Kingdom
BUMA, The Netherlands	SACEM, France
BSCAP, Belize	SESAC, USA
COTT, Trinidad & Tobago	SGAE, Spain
COSCAP, Barbados	SOCAN, Canada
	SUISA, Switzerland

Through the reciprocal agreements with PRS, ECCO has the reciprocal representation with virtually all other societies in the world administering author's rights.

Michael Robinson, St Lucia
Photo Credit: Jesse Evans
Wavemaker Photography

ORGANIZATIONAL CHART as at 31-Dec-17



Kisha, St Lucia
Photo Credit: Jammerson Hunte

STAFF POSITIONS prior to 2018

Chief Executive Officer

Directs and supervises all of the society's daily operations. This includes: (1) Planning, recommending and implementing programs and policies, directing personnel and providing general administrative direction (2) Assist the Board in developing financial goals (3) Reporting to the board at quarterly board meetings on the financial condition of the Society (4) Participating in strategic planning, and developing long range business plans with input from the board (5) Coordinating the publicity and promotion of the Society

Office Manager

Responsible for the proper management of the Head Office. This includes (1) supervising subordinates to ensure that they perform their duties effectively (2) Ensuring that the organization is adequately supplied with the necessary tools in other that the day-to-day activities run smoothly (3) Assisting the General Manager in the development of annual operating plans and budgets and (4) Performing annual distributions and pay-outs to national & foreign members

Technical Officer/Personal Assistant

Provides IT & Technical support to the Office in addition to assisting the Office Manager and General Manager in performing their duties. Other responsibilities include: (1) Performing the role of Personal Assistant to General Manager (2) Maintaining the organization's website and Facebook page on a timely basis (3) Creating and maintaining digital database of members' recordings and ensuring that these are current and up to date (4) Completing and issuing Permits, VAT Quotations, Licenses and receipts to music users and necessary following up.

Litigation Officer

Responsible for liaising with Attorneys to inform the litigation process, identifying licensing opportunities and acting as point person for public awareness and education. Other duties and responsibilities include: (1) Liaising with ECCO agents in OECS territories—providing support and assistance with the coordination of their activities (2) Producing and acting as host to Musically Speaking programme or other such PR initiatives of the organisation.

Freezy, St Lucia
Photo Credit/Source: CreedKool

STAFF POSITIONS (cont'd)

Receptionist

Has responsibility for the front desk/reception activities and for providing general administrative assistance. Other responsibilities include: (1) Performing all front desk duties, including screening calls and dealing with telephone enquiries (2) Providing assistance to members and licensees who visit the office on a daily basis and ensuring that all information pertaining to Documentation and licensing is collected accurately for proper processing (3) Assisting with the issuing of Permits and Licenses to music users

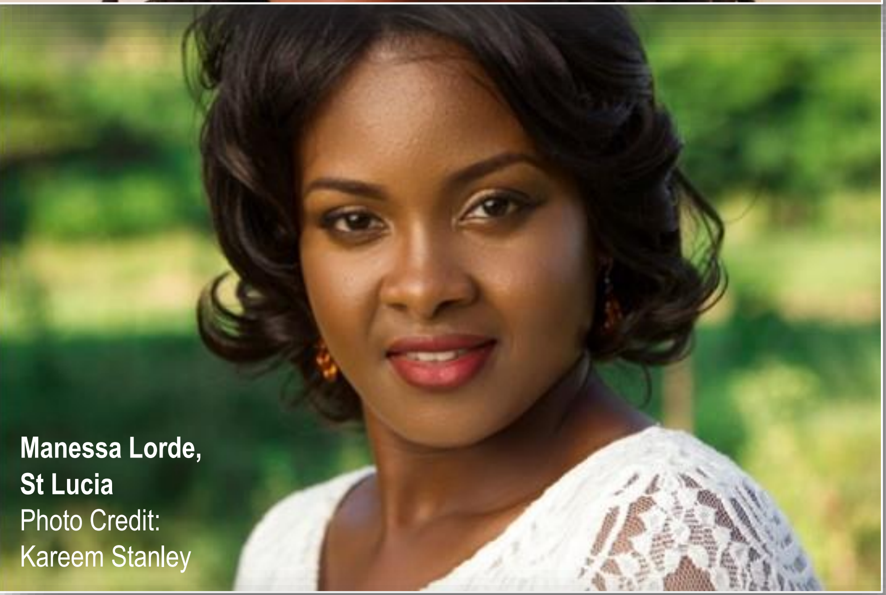
Administrative Assitant

Assists the Technical Officer in performing his/her duties. In addition, the Administrative Assistant is also responsible for the following tasks and responsibilities: (1) Processing membership registration and documentation of members' repertoire (2) Ensuring that all information pertaining to Documentation is processed accurately and in a timely manner for proper processing (3) Providing support to Front Office, issuing permits, licenses and receipts to music users when necessary

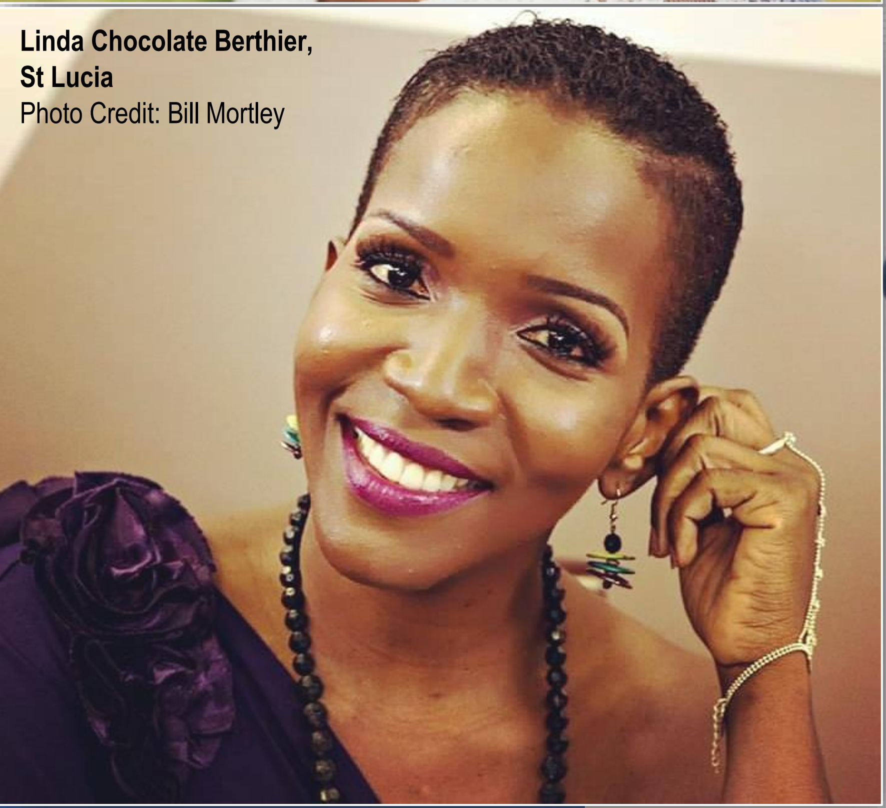
Photography Credits

Page Number	Photographer/Supplier	Songwriter/Artiste
Cover page		
1	Wavemaker Photography	Teddyson John, St. Lucia
6	Kordel Fermin Photography	Motto, St. Lucia
13	Jesse Evans of Wavemaker Photography	Michael Robinson, St. Lucia
14	Jammerson Hunte	Kisha, St. Lucia
15	Creedkool	Freezy, St. Lucia
17	Gerian Charley	Ngozi Grandison, St. Lucia
17	Kareem Stanley	Manessa Lorde, St. Lucia
17	Bill Mortley	Linda Chocolate Berthier, St. Lucia
17	Stephen Phillip	V'ghn, Grenada
18	Kordel Fermin Photography	Lavaman, Grenada
18	Nyah Joseph	Wasim braithwaite, Antigua & Barbuda

Ngozi Grandison, St Lucia
Photo Credit: Gerian Charlery



Manessa Lorde, St Lucia
Photo Credit: Kareem Stanley



Linda Chocolate Berthier, St Lucia
Photo Credit: Bill Mortley

V'ghn, Grenada
Photo Credit/Source: Stephen Phillip

Lavaman, Grenada
Photo Credit:
Cordel Fermin Photography

Wasim Braitwaite,
Antigua & Barbuda
Photo Credit: Nyah Joseph

Nassis, St Lucia
Photo Credit:
Ranny Harris

Audited Statements

2013 to 2017

Grant Thornton

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Financial Statements
December 31, 2013
(expressed in Eastern Caribbean dollars)

GrantThornton

May 28, 2014

Independent Auditors' Report

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To the Members of
Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Report on the financial statements

We have audited the accompanying financial statements of **Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.** (the Company) which comprise the balance sheet as of December 31, 2013 and the statements of comprehensive income and expenditure, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of the **Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.** as of December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Grant Thornton

Chartered Accountants

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Balance Sheet

As of December 31, 2013

(expressed in Eastern Caribbean dollars)

	2013 $	2012 $
Assets		
Current assets		
Cash (Note 5)	**761,833**	713,008
Receivables and prepayments (Note 7)	**257,737**	207,323
Due from related party (Note 8)	**16,300**	15,501
	1,035,870	935,832
Property and equipment (Note 9)	**445,585**	450,035
Total assets	**1,481,455**	1,385,867
Liabilities		
Current liabilities		
Borrowings (Note 10)	**17,145**	15,510
Accruals and other payables (Note 11)	**99,522**	55,386
Deferred revenue	**56,104**	51,959
Due to rights owners (Note 12)	**927,946**	882,226
	1,100,717	1,005,081
Borrowings (Note 10)	**234,112**	251,335
Total liabilities	**1,334,829**	1,256,416
Equity		
Reserve fund	**146,626**	129,451
Total liabilities and equity	**1,481,455**	1,385,867

Approved by the Board of Directors on May 28, 2014

_______________ Director
G. Llewellyn Gill, SLMM

_______________ Director
Crispin d'Auvergne

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Comprehensive Income and Expenditure
For the year ended December 31, 2013

(expressed in Eastern Caribbean dollars)

	2013 $	2012 $
Income		
Royalties (Note 13)	**1,051,387**	937,748
Registration fees	**4,800**	5,419
	1,056,187	943,167
Administrative and general expenses (Note 14)	**(721,052)**	(611,197)
Other income (Note 16)	**34,267**	32,411
Surplus before finance cost	**369,402**	364,381
Finance cost (Note 10)	**(25,909)**	(26,320)
Net distributable comprehensive income	**343,493**	338,061

The notes on pages 1 to 16 are an integral part of these financial statements.

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Changes in Equity
For the year ended December 31, 2013

(expressed in Eastern Caribbean dollars)

	2013 $	2012 $
Distributable reserve		
Net distributable comprehensive income for the year	**343,493**	338,061
Appropriations to reserve fund – 5% of net distributable comprehensive income	**(17,175)**	(16,903)
Distributable income to rights owners (Note 12)	**(326,318)**	(321,158)
At end of year	**–**	–
Reserve fund		
At beginning of year	**129,451**	112,548
Appropriation from distributable reserve - 5% of net distributable comprehensive income	**17,175**	16,903
At end of year	**146,626**	129,451
Equity, end of year	**146,626**	129,451

The notes on pages 1 to 16 are an integral part of these financial statements.

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Cash Flows
For the year ended December 31, 2013

(expressed in Eastern Caribbean dollars)

	2013 $	2012 $
Cash flows from operating activities		
Net distributable comprehensive income for the year	**343,493**	338,061
Adjustments for:		
Interest expense (Note 10)	**25,909**	26,320
Depreciation (Notes 9 and 14)	**26,328**	27,747
Interest income (Note 16)	**(28,261)**	(22,804)
Provision for impairment of investment securities (Notes 6 and 14)	**6,994**	6,859
Operating profit before working capital changes	**374,463**	376,183
(Increase)/decrease in receivables and prepayments	**(50,414)**	46,475
Decrease in due from related party	**12,362**	33,657
Increase/(decrease) in accruals and other payables	**44,136**	(38,931)
Increase in deferred revenue	**4,145**	46,024
Net cash provided by operating activities	**384,692**	463,408
Cash flows from investing activities		
Interest received	**21,267**	15,945
Purchase of property and equipment (Note 9)	**(21,878)**	(20,447)
Net cash used in by investing activities	**(611)**	(4,502)
Cash flows from financing activities		
Distributions to rights owners (Note 12)	**(293,759)**	(324,257)
Interest paid	**(25,909)**	(26,320)
Repayment of borrowings	**(15,588)**	(15,177)
Net cash used in by financing activities	**(335,256)**	(365,754)
Net increase in cash	**48,825**	93,152
Cash, beginning of year	**713,008**	619,856
Cash, end of year (Note 5)	**761,833**	713,008

The notes on pages 1 to 16 are an integral part of these financial statements.

(expressed in Eastern Caribbean dollars)

1 General information

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc. ("formerly The Hewanorra Musical Society (HMS) Incorporated") (the Company) was incorporated in January 2001 under the Companies Act 1996, as a non-profit company without share capital. The Company is the successor to the Hewanorra Musical Society which was established as a Partnership in June 1999. That Partnership was dissolved in January 2001 and the net assets were transferred to the Company. All rights and privileges of the members of the Partnership were also assigned to the Company.

The Company is registered as a collective society under the Copyright (Amendment) Act of 2000 and is subject to the conditions of that legislation. The principal business activity of the Company is the exercise and enforcement, on behalf of rights owners and affiliates, of all rights and remedies under the law relating to copyright and intellectual property.

The registered office of the Company is located at Castries, Saint Lucia.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
Eastern Caribbean Collective Organisation (ECCO) for Music Rights Inc. financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

(a) New standards adopted by the Company for the financial year beginning January 1, 2013
A number of new and revised standards are effective for annual periods beginning on or after January 1, 2013. Information on these new standards is presented below.

- ***IFRS 13 'Fair Value Measurement'.*** IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances. IFRS 13 applies prospectively for annual periods beginning on or after January 1, 2013. Its disclosure requirements need not be applied to comparative information in the first year of application.

Certain other new standards and interpretations have been issued and effective but do not have a material impact on the Company's financial statements.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Changes in accounting policy and disclosures ...*continued*

(b) New standards, amendments and interpretations that are not yet effective and not early adopted by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

- ***IFRS 9, 'Financial instruments part 1: Classification and measurement',*** (effective January 1, 2015). IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 from January 1, 2013 to January 1, 2015. Key features are as follows:

  - Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

  - An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

  - All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Cash
Cash include cash in hand, deposits at call with banks and restricted cash with bank.

Receivables
Receivables are carried at fair value and subsequently measured at amortised cost using effective interest method, less provision made for impairment of these receivables. A provision for impairment of 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 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 original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income and expenditure. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative and operating expenses' in the statement of comprehensive income and expenditure.

Financial assets

(a) Classification
The Company classifies its cash in banks, investment securities, and trade and other receivables as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date in which case, these are classified as non-current assets.

(b) Initial recognition, derecognition and subsequent measurement
Regular way purchases and sales of loans and receivables are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Loans and receivables are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

(c) Fair value
The fair value of loans and receivables are established by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(d) Impairment
The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Individually significant loans and receivables are tested for impairment if there are indicators of impairment. Impairment loss is recognised in the statement of comprehensive income and expenditure and the carrying amount of the asset is reduced through the use of allowance.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Property and equipment
Land is stated at cost. All other property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income and expenditure during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate their cost to their residual values over the estimated useful lives as follows:

Building	2%
Computers	20%
Office furniture	20%
Office equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within other income, in the statement of comprehensive income and expenditure.

Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Accruals and other payables
Accruals and other payables are recognised in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are recognised initially at fair value and subsequently measured at amortised cost using effective interest. Accruals and other payables are classified as current liabilities if payment is due within one year or less. Otherwise, they are presented as non-current liabilities.

Deferred revenue
Deferred revenue represents unamortised license fees received. Deferred revenue is amortised over the life of the license.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income and expenditure over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions
Provisions are recognised when obligation (legal or constructive) is incurred as a result of past events and when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an 'Interest expense' in the statement of comprehensive income and expenditure.

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale services in the ordinary course of the Company's activities.

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 specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Performing rights royalty income from Broadcasting and Special Events is recognised on an accrual basis, where the organisations involved have the proven capacity to pay the amounts invoiced by the Company.

(b) Registration fees are recognised on an accrual basis upon submission of a completed registration form.

(c) Interest income is recognised on a time proportion basis using the effective interest method.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Related party relationships and transactions
Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Borrowing costs
Borrowing costs are expensed as incurred.

Foreign currency translation

(a) 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 Eastern Caribbean dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income and expenditure.

Contingencies
Contingent liabilities are not recognised in the financial statements. They are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent assets are not recognised unless the realisation of the assets is virtually certain. They are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Subsequent events
Post year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the Company's financial statements. Post year-end events that are not adjusting events are disclosed when material to the financial statements, if any.

Comparatives
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(expressed in Eastern Caribbean dollars)

3 Financial risk management

Financial risk factors
The Company's activities expose it to a variety of financial risks: market risk (i.e., foreign exchange risk and interest rate risk), credit risk, and liquidity risk. These risks are being managed through a process of ongoing identification, analysis, measurement, monitoring, and timely reporting of its activities.

Market risk

a) Foreign exchange risk
The Company has no significant exposure to foreign exchange risk because most transactions in foreign currency are primarily in the US dollar. The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollars (US$) has been formally pegged at EC$2.70 = US$1.00 since July 1976.

Management does not believe significant foreign exchange risk exists at December 31, 2013.

b) Cash flow and fair value interest rate risk
Differences in contractual repricing or maturity dates and changes in interest rates may expose the Company to interest rate risk. The Company's exposure and interest rates on its financial assets and liabilities are disclosed in Notes 6 and 10.

Management does not believe significant interest rate risk exists at December 31, 2013.

Credit risk
Credit risk refers to risk that counterparties will cause a financial loss for the Company by failing to discharge an obligation. The amount of the Company's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

The Company operates primarily in music industry which potentially expose the Company to concentrations of credit risk consist primarily of cash, receivables, investment securities, and due from related party. The Company also performs periodic credit evaluations of its customers' financial condition.

Maximum exposure to credit risk:

	2013 $	2012 $
Cash	**761,833**	713,008
Receivables	**253,792**	200,367
Due from related party	**16,300**	15,501
At December 31	**1,031,925**	928,876

Management does not believe significant credit risk exists at December 31, 2013.

(expressed in Eastern Caribbean dollars)

3 Financial risk management...*continued*

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Company monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible, the Company utilizes available credit facilities such as loans, overdrafts and other financing options.

In order to manage liquidity risks, management seeks to maintain levels of cash, which are sufficient to meet reasonable expectations of its short-term obligations.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months are estimated to equal their carrying balances as the impact of discounting is not significant.

	1 year $	1-2 years $	2-5 years $	More than 5 years $	Total $
At December 31, 2013					
Borrowings	41,497	41,497	124,491	180,278	387,763
Accruals and other payables	99,522	–	–	–	99,522
Due to rights owners	927,946	–	–	–	927,946
	1,068,965	41,497	124,491	180,278	1,415,231
At December 31, 2012					
Borrowings	41,497	41,497	124,491	221,777	429,262
Accruals and other payables	55,386	–	–	–	55,386
Due to rights owners	882,226	–	–	–	882,226
	979,109	41,497	124,491	221,777	1,366,874

Management does not believe significant liquidity risk exists at December 31, 2013.

(expressed in Eastern Caribbean dollars)

3 Financial risk management...*continued*

Fair value of financial assets and liabilities
Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. None of the Company's financial assets and liabilities are traded in a formal market.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The carrying value of the Company's financial assets and liabilities approximate their fair values due to the short-term maturity of these items.

Collateral
The Company has pledged a part of its short-term deposits in order to fulfill collateral requirements of the Financial Institution, in relation to the Company's borrowing. As at 31 December 2013, the fair value of the short-term deposit pledged was $62,640 (2012 - $62,640) (Note 10). The financial institutions have an obligation to return the securities to the Company. There are no other significant terms and conditions associated with the use of collateral.

4 Critical judgements in applying the entity's accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management does not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(expressed in Eastern Caribbean dollars)

5 Cash

	2013 $	2012 $
Cash at bank and on hand	**699,193**	650,368
Restricted cash (Note 10)	**62,640**	62,640
	761,833	713,008

Cash at bank earns interest at $3.75 (2012 – 3.75%) per annum.

6 Investment securities

	2013 $	2012 $
Debt securities		
Unlisted investment securities	**162,421**	155,427
Less: provision for impairment of investment securities	**(162,421)**	(155,427)
	–	–

The weighted average effective interest rate on debt securities is 4.5% (2012 - 4.5%) per annum. This investment with CLICO International Life Insurance Limited matured on December 22, 2009. This investment has been fully provided for.

7 Receivables and prepayments

	2013 $	2012 $
Receivables	**253,792**	200,367
Prepayments	**3,945**	6,956
	257,737	207,323

The fair value of receivables approximates the carrying values at December 31, 2013 and 2012, since these receivables are expected to be realised on a short-term basis.

As at December 31, 2013, the Company has no trade receivables that are past due or impaired.

(expressed in Eastern Caribbean dollars)

8 Related party balances and transactions

	2013 $	2012 $
Due from related party		
Performing Right Society Ltd.	**16,300**	15,501

Balances with related parties are unsecured, non-interest bearing and due and demandable.

Key management compensation
Key management comprises directors and senior management of the Company.

Compensation of key management personnel were as follows:

	2013 $	2012 $
Salaries and wages	**89,100**	89,100
Pension and medical benefits	**4,455**	4,455
Social security costs	**3,000**	3,000
Bonus and commissions	**–**	2,270
Other benefits	**9,600**	–
	106,155	98,825

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Notes to Financial Statements
December 31, 2013

(expressed in Eastern Caribbean dollars)

9 Property and equipment

	Land and Building $	Computers $	Office Furniture $	Office Equipment $	Total $
At December 31, 2011					
Cost	448,554	70,004	35,287	66,412	620,257
Accumulated depreciation	(27,026)	(56,433)	(32,747)	(46,716)	(162,922)
Net book value	421,528	13,571	2,540	19,696	457,335
Year ended December 31, 2012					
Opening net book amount	421,528	13,571	2,540	19,696	457,335
Additions	9,030	8,975	–	2,442	20,447
Depreciation charge (Note 14)	(7,956)	(8,423)	(2,540)	(8,828)	(27,747)
Closing net book amount	422,602	14,123	–	13,310	450,035
At December 31, 2012					
Cost	457,584	78,979	35,287	68,854	640,704
Accumulated depreciation	(34,982)	(64,856)	(35,287)	(55,544)	(190,669)
Net book amount	422,602	14,123	–	13,310	450,035
Year ended December 31, 2013					
Opening net book amount	422,602	14,123	–	13,310	450,035
Additions	700	9,816	8,731	2,631	21,878
Depreciation charge (Note 14)	(8,318)	(7,313)	(248)	(10,449)	(26,328)
Closing net book amount	414,984	16,626	8,483	5,492	445,585
At December 31, 2013					
Cost	458,284	88,795	44,018	71,485	662,582
Accumulated depreciation	(43,300)	(72,169)	(35,535)	(65,993)	(216,997)
Net book amount	414,984	16,626	8,483	5,492	445,585

(expressed in Eastern Caribbean dollars)

10 Borrowings

	2013 $	2012 $
Current		
Bank borrowings	**17,145**	15,510
Non-current		
Bank borrowings	**234,112**	251,335
Total borrowings	**251,257**	266,845

Bank borrowing is secured by a hypothecary obligation over the land and building of the Company which was stamped to cover $321,800, assignment of insurance policy of the building for $538,500 and lien over the company's saving account for $62,640.00.

The maturity of non-current borrowings is as follows:

	2013 $	2012 $
Between 1 and 2 years	**18,941**	17,135
Between 2 and 5 years	**69,497**	62,941
More than 5 years	**145,674**	171,259
	234,112	251,335

Finance cost incurred in 2013 amounted to $25,909 (2012 - $26,320). The weighted average effective interest rate at the balance sheet date was 10% in 2013 (2012 - 10%).

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate of 10% (2012 – 10%).

The carrying value and fair value of the non-current borrowings are as follows:

	Carrying value		Fair value	
	2013 $	2012 $	2013 $	2012 $
Bank borrowings	**234,112**	251,335	**212,000**	227,510

(expressed in Eastern Caribbean dollars)

11 Accruals and other payables

	2013 $	2012 $
Accrued expenses	**48,125**	32,386
Other payables	**51,397**	23,000
	99,522	55,386

12 Due to rights owners

	2013 $	2012 $
At beginning of year	**882,226**	862,994
Foreign distribution received for rights owners	**13,161**	22,331
Distributable income to rights owners	**326,318**	321,158
	1,221,705	1,206,483
Less: Distribution to rights owners	**(293,759)**	(324,257)
At end of year	**927,946**	882,226

The Company's Article of Incorporation and By-laws stated that the Company may appropriate 5% of its net distributable income at the end of each financial year as a reserve fund.

(expressed in Eastern Caribbean dollars)

13 Royalties

	2013 $	2012 $
General	**564,116**	535,619
Live events	**295,913**	251,033
Broadcasting	**191,358**	151,096
	1,051,387	937,748

14 Administrative and general expenses

	2013 $	2012 $
Employee benefit expense (Note 15)	**311,842**	227,560
Travel and entertainment	**59,429**	53,748
Utilities	**49,051**	49,441
Legal fees	**37,017**	34,867
Taxes and licenses	**34,260**	20,292
Depreciation (Note 9)	**26,328**	27,747
BMAT licensing system fee	**25,550**	25,550
CCL subscription fees	**23,582**	20,724
Office repairs and maintenance	**22,280**	7,573
Printing, postage and office supplies	**16,351**	12,097
Promotion and advertising	**15,977**	12,854
Vehicle expenses	**15,807**	13,039
Audit fees	**15,000**	23,000
Insurance	**11,660**	14,462
Expenses for meetings	**8,492**	19,407
CISAC/SUISA subscription fees	**10,166**	13,362
Impairment of investment securities	**6,994**	6,859
Bank charges	**5,662**	9,662
Membership fees	**5,525**	3,000
Training expenses	**5,000**	695
Directors fees	**2,325**	2,025
Other expenses	**12,754**	13,233
	721,052	611,197

(expressed in Eastern Caribbean dollars)

15 Employee benefit expense

	2013 **$**	**2012** **$**
Salaries and wages	**250,689**	179,048
Bonus and staff commissions	**45,911**	36,387
Social security cost	**8,629**	7,670
Pension and medical	**6,613**	4,455
	311,842	227,560

16 Other income

	2013 **$**	**2012** **$**
Interest income	**28,261**	22,804
Miscellaneous Income	**6,006**	9,607
	34,267	32,411

Grant Thornton

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Financial Statements
December 31, 2014
(expressed in Eastern Caribbean dollars)

Grant Thornton

August 14, 2015

Independent Auditors' Report

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To the Members of
Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Report on the financial statements

We have audited the accompanying financial statements of **Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.** (the Company) which comprise the balance sheet as of December 31, 2014 and the statements of comprehensive income and expenditure, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of **Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.** as of December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Grant Thornton

Chartered Accountants

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Balance Sheet
As of December 31, 2014

(expressed in Eastern Caribbean dollars)

	2014 $	2013 $
Assets		
Current assets		
Cash (Note 5)	**951,787**	761,833
Receivables and prepayments (Note 7)	**360,521**	257,737
Due from related party (Note 8)	**16,614**	16,300
	1,328,922	1,035,870
Property and equipment (Note 9)	**438,961**	445,585
Total assets	**1,767,883**	1,481,455
Liabilities		
Current liabilities		
Borrowings (Note 10)	**18,941**	17,145
Accruals and other payables (Note 11)	**99,967**	99,522
Deferred revenue	**43,173**	56,104
Due to rights owners (Note 12)	**1,222,261**	927,946
	1,384,342	1,100,717
Borrowings (Note 10)	**214,986**	234,112
Total liabilities	**1,599,328**	1,334,829
Equity		
Reserve fund	**168,555**	146,626
Total liabilities and equity	**1,767,883**	1,481,455

Approved by the Board of Directors on August 12, 2015

_______________ Director

_______________ Director

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

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Comprehensive Income and Expenditure
For the year ended December 31, 2014

(expressed in Eastern Caribbean dollars)

	2014 $	2013 $
Income		
Royalties (Note 13)	**1,177,904**	1,051,387
Registration fees	**7,460**	4,800
	1,185,364	1,056,187
Administrative and general expenses (Note 14)	**(761,817)**	(721,052)
Other income (Note 16)	**39,203**	34,267
Surplus before finance cost	**462,750**	369,402
Finance cost (Note 10)	**(24,166)**	(25,909)
Net distributable comprehensive income	**438,584**	343,493

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

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Changes in Equity
For the year ended December 31, 2014

(expressed in Eastern Caribbean dollars)

	2014 $	2013 $
Distributable reserve		
Net distributable comprehensive income for the year	**438,584**	343,493
Appropriations to reserve fund –		
5% of net distributable comprehensive income	**(21,929)**	(17,175)
Distributable income to rights owners (Note 12)	**(416,655)**	(326,318)
At end of year	–	–
Reserve fund		
At beginning of year	**146,626**	129,451
Appropriation from distributable reserve -		
5% of net distributable comprehensive income	**21,929**	17,175
At end of year	**168,555**	146,626
Equity, end of year	**168,555**	146,626

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

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Cash Flows
For the year ended December 31, 2014

(expressed in Eastern Caribbean dollars)

	2014 $	2013 $
Cash flows from operating activities		
Net distributable comprehensive income for the year	**438,584**	343,493
Adjustments for:		
Interest expense (Note 10)	**24,166**	25,909
Depreciation (Notes 9 and 14)	**19,216**	26,328
Interest income (Note 16)	**(36,803)**	(28,261)
Provision for impairment of investment securities (Notes 6 and 14)	**7,309**	6,994
Operating profit before working capital changes	**452,472**	374,463
Increase in receivables and prepayments	**(102,784)**	(50,414)
(Increase)/decrease in due from related party	**(314)**	12,362
Increase in accruals and other payables	**445**	44,136
(Decrease)/increase in deferred revenue	**(12,931)**	4,145
Net cash provided by operating activities	**336,888**	384,692
Cash flows from investing activities		
Interest received	**24,494**	21,267
Purchase of property and equipment (Note 9)	**(12,592)**	(21,878)
Net cash provided by/(used) in by investing activities	**16,902**	(611)
Cash flows from financing activities		
Distributions to rights owners (Note 12)	**(122,340)**	(293,759)
Interest paid	**(24,166)**	(25,909)
Repayment of borrowings	**(17,330)**	(15,588)
Net cash used in by financing activities	**(163,836)**	(335,256)
Net increase in cash	**189,954**	48,825
Cash, beginning of year	**761,833**	713,008
Cash, end of year (Note 5)	**951,787**	761,833

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

(expressed in Eastern Caribbean dollars)

1 General information

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc. ("formerly The Hewanorra Musical Society (HMS) Incorporated") (the Company) was incorporated in January 2001 under the Companies Act 1996, as a non-profit company without share capital. The Company is the successor to the Hewanorra Musical Society which was established as a Partnership in June 1999. That Partnership was dissolved in January 2001 and the net assets were transferred to the Company. All rights and privileges of the members of the Partnership were also assigned to the Company.

The Company is registered as a collective society under the Copyright (Amendment) Act of 2000 and is subject to the conditions of that legislation. The principal business activity of the Company is the exercise and enforcement, on behalf of rights owners and affiliates, of all rights and remedies under the law relating to copyright and intellectual property.

The registered office of the Company is located at Castries, Saint Lucia.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
Eastern Caribbean Collective Organisation (ECCO) for Music Rights Inc. financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

a) *New and amended standard that are effective for financials periods beginning on or after January 1, 2014*

- ***IFRS 13 'Fair Value Measurement' (IFRS 13)*** IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances. IFRS 13 applies prospectively for annual periods beginning on or after January 1, 2013.

Certain other new standards and interpretations have been issued and effective but do not have a material impact on the Company's financial statements.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Changes in accounting policy and disclosures ...*continued*

(b) New standards, amendments and interpretations that are not yet effective and not early adopted by the Company

- ***IFRS 9, 'Financial instruments part 1: Classification and measurement'***, (effective January 1, 2015). IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 from January 1, 2013 to January 1, 2015. Key features are as follows:

  - Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

  - An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

  - All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

- ***IFRS 15 'Revenue from Contracts with Customers'*** IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangement with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning on or after January 1, 2017.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Cash
Cash include cash in hand, deposits at call with banks and restricted cash with bank.

Receivables
Receivables are carried at fair value and subsequently measured at amortised cost using effective interest method, less provision made for impairment of these receivables. A provision for impairment of 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 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 original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income and expenditure. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative and operating expenses' in the statement of comprehensive income and expenditure.

Financial assets

(a) Classification
The Company classifies its cash in banks, investment securities, and trade and other receivables as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date in which case, these are classified as non-current assets.

(b) Initial recognition, derecognition and subsequent measurement
Regular way purchases and sales of loans and receivables are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Loans and receivables are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

(c) Fair value
The fair value of loans and receivables are established by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(d) Impairment
The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Individually significant loans and receivables are tested for impairment if there are indicators of impairment. Impairment loss is recognised in the statement of comprehensive income and expenditure and the carrying amount of the asset is reduced through the use of allowance.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Property and equipment

Land is stated at cost. All other property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income and expenditure during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate their cost to their residual values over the estimated useful lives as follows:

Building	2%
Computers	20%
Office furniture	20%
Office equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within other income, in the statement of comprehensive income and expenditure.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Accruals and other payables

Accruals and other payables are recognised in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are recognised initially at fair value and subsequently measured at amortised cost using effective interest. Accruals and other payables are classified as current liabilities if payment is due within one year or less. Otherwise, they are presented as non-current liabilities.

Deferred revenue

Deferred revenue represents unamortised license fees received. Deferred revenue is amortised over the life of the license.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income and expenditure over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions
Provisions are recognised when obligation (legal or constructive) is incurred as a result of past events and when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an 'Interest expense' in the statement of comprehensive income and expenditure.

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale services in the ordinary course of the Company's activities.

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 specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Performing rights royalty income from Broadcasting and Special Events is recognised on an accrual basis, where the organisations involved have the proven capacity to pay the amounts invoiced by the Company.

(b) Registration fees are recognised on an accrual basis upon submission of a completed registration form.

(c) Interest income is recognised on a time proportion basis using the effective interest method.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Related party relationships and transactions

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Borrowing costs

Borrowing costs are expensed as incurred.

Foreign currency translation

(a) 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 Eastern Caribbean dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income and expenditure.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent assets are not recognised unless the realisation of the assets is virtually certain. They are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Subsequent events

Post year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the Company's financial statements. Post year-end events that are not adjusting events are disclosed when material to the financial statements, if any.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(expressed in Eastern Caribbean dollars)

3 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (i.e., foreign exchange risk and interest rate risk), credit risk, and liquidity risk. These risks are being managed through a process of ongoing identification, analysis, measurement, monitoring, and timely reporting of its activities.

Market risk

a) Foreign exchange risk

The Company has no significant exposure to foreign exchange risk because most transactions in foreign currency are primarily in the US dollar. The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollars (US$) has been formally pegged at EC$2.70 = US$1.00 since July 1976.

Management does not believe significant foreign exchange risk exists at December 31, 2014.

b) Cash flow and fair value interest rate risk

Differences in contractual repricing or maturity dates and changes in interest rates may expose the Company to interest rate risk. The Company's exposure and interest rates on its financial assets and liabilities are disclosed in Notes 6 and 10.

Management does not believe significant interest rate risk exists at December 31, 2014.

Credit risk

Credit risk refers to risk that counterparties will cause a financial loss for the Company by failing to discharge an obligation. The amount of the Company's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

The Company operates primarily in music industry which potentially expose the Company to concentrations of credit risk consist primarily of cash, receivables, investment securities, and due from related party. The Company also performs periodic credit evaluations of its customers' financial condition.

Maximum exposure to credit risk:

	2014 **$**	**2013** **$**
Cash	**951,787**	761,833
Receivables	**356,893**	253,792
Due from related party	**16,614**	16,300
At December 31	**1,325,294**	1,031,925

Management does not believe significant credit risk exists at December 31, 2014.

(expressed in Eastern Caribbean dollars)

3 Financial risk management...*continued*

Liquidity risk
Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Company monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible, the Company utilizes available credit facilities such as loans, overdrafts and other financing options.

In order to manage liquidity risks, management seeks to maintain levels of cash, which are sufficient to meet reasonable expectations of its short-term obligations.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months are estimated to equal their carrying balances as the impact of discounting is not significant.

	1 year $	1-2 years $	2-5 years $	More than 5 years $	Total $
At December 31, 2014					
Borrowings	41,497	41,497	124,491	138,781	346,266
Accruals and other payables	206,344	–	–	–	206,344
Due to rights owners	1,222,261	–	–	–	1,222,261
	1,470,102	41,497	124,491	138,781	1,774,871
At December 31, 2013					
Borrowings	41,497	41,497	124,491	180,278	387,763
Accruals and other payables	99,522	–	–	–	99,522
Due to rights owners	927,946	–	–	–	927,946
	1,068,965	41,497	124,491	180,278	1,415,231

Management does not believe significant liquidity risk exists at December 31, 2014.

(expressed in Eastern Caribbean dollars)

3 Financial risk management...*continued*

Fair value of financial assets and liabilities
Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. None of the Company's financial assets and liabilities are traded in a formal market.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The carrying value of the Company's financial assets and liabilities approximate their fair values due to the short-term maturity of these items.

Collateral
The Company has pledged a part of its short-term deposits in order to fulfill collateral requirements of the Financial Institution, in relation to the Company's borrowing. As at 31 December 2014, the fair value of the short-term deposit pledged was $62,640 (2013 - $62,640) (Note 10). The financial institutions have an obligation to return the securities to the Company. There are no other significant terms and conditions associated with the use of collateral.

4 Critical judgements in applying the entity's accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management does not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(expressed in Eastern Caribbean dollars)

5 Cash

	2014 $	2013 $
Cash at bank and on hand	**889,147**	699,193
Restricted cash (Note 10)	**62,640**	62,640
	951,787	761,833

Cash at bank earns interest at 3.75% (2013 – 3.75%) per annum.

6 Investment securities

	2014 $	2013 $
Debt securities		
Unlisted investment securities	**169,730**	162,421
Less: provision for impairment of investment securities	**(169,730)**	(162,421)
	–	–

The weighted average effective interest rate on debt securities is 4.5% (2013 - 4.5%) per annum. This investment with CLICO International Life Insurance Limited matured on December 22, 2009. This investment has been fully provided for.

7 Receivables and prepayments

	2014 $	2012 $
Receivables	**356,893**	253,792
Prepayments	**3,628**	3,945
	360,521	257,737

The fair value of receivables approximates the carrying values at December 31, 2014 and 2013, since these receivables are expected to be realised on a short-term basis.

As at December 31, 2014, the Company has no trade receivables that are past due or impaired.

(expressed in Eastern Caribbean dollars)

8 Related party balances and transactions

	2014 $	2013 $
Due from related party		
Performing Right Society Ltd.	**16,614**	16,300

Balances with related parties are unsecured, non-interest bearing and due and demandable.

Key management compensation
Key management comprises directors and senior management of the Company.

Compensation of key management personnel were as follows:

	2014 $	2013 $
Salaries and wages	**89,100**	89,100
Pension and medical benefits	**4,455**	4,455
Social security costs	**3,000**	3,000
Other benefits	**15,728**	9,600
	112,283	106,155

(expressed in Eastern Caribbean dollars)

9 Property and equipment

	Land and Building $	Computers $	Office Furniture $	Office Equipment $	Total $
At December 31, 2012					
Cost	457,584	78,979	35,287	68,854	640,704
Accumulated depreciation	(34,982)	(64,856)	(35,287)	(55,544)	(190,669)
Net book value	422,602	14,123	–	13,310	450,035
Year ended December 31, 2013					
Opening net book amount	422,602	14,123	–	13,310	450,035
Additions	700	9,816	8,731	2,631	21,878
Depreciation charge (Note 14)	(8,318)	(7,313)	(248)	(10,449)	(26,328)
Closing net book amount	414,984	16,626	8,483	5,492	445,585
At December 31, 2013					
Cost	458,284	88,795	44,018	71,485	662,582
Accumulated depreciation	(43,300)	(72,169)	(35,535)	(65,993)	(216,997)
Net book amount	414,984	16,626	8,483	5,492	445,585
Year ended December 31, 2014					
Opening net book amount	414,984	16,626	8,483	5,492	445,585
Additions	–	9,249	3,343	–	12,592
Depreciation charge (Note 14)	(8,318)	(6,885)	(1,841)	(2,172)	(19,216)
Closing net book amount	406,666	18,990	9,985	3,320	438,961
At December 31, 2014					
Cost	458,284	98,044	47,361	71,485	675,174
Accumulated depreciation	(51,618)	(79,054)	(37,376)	(68,165)	(236,213)
Net book amount	406,666	18,990	9,985	3,320	438,961

(expressed in Eastern Caribbean dollars)

10 Borrowings

	2014 $	2013 $
Current		
Bank borrowings	**18,941**	17,145
Non-current		
Bank borrowings	**214,986**	234,112
Total borrowings	**233,927**	251,257

Bank borrowing is secured by a hypothecary obligation over the land and building of the Company which was stamped to cover $321,800, assignment of insurance policy of the building for $538,500 and lien over the Company's saving account for $62,640.

The maturity of non-current borrowings is as follows:

	2014 $	2013 $
Between 1 and 2 years	**20,860**	18,941
Between 2 and 5 years	**76,837**	69,497
More than 5 years	**117,289**	145,674
	214,986	234,112

Finance cost incurred in 2014 amounted to $24,166 (2013 - $25,909). The weighted average effective interest rate at the balance sheet date was 10% in 2014 (2013 - 10%).

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate of 10% (2013 – 10%).

The carrying value and fair value of the non-current borrowings are as follows:

	Carrying value		Fair value	
	2014 $	2013 $	2014 $	2013 $
Bank borrowings	**214,986**	234,112	**215,046**	212,000

(expressed in Eastern Caribbean dollars)

11 Accruals and other payables

	2014 $	2013 $
Accrued expenses	**69,910**	48,125
Other payables	**30,057**	51,397
	99,967	99,522

12 Due to rights owners

	2014 $	2012 $
At beginning of year	**927,946**	882,226
Foreign distribution received for rights owners	**3,945**	13,161
Distributable income to rights owners	**416,655**	326,318
	1,348,546	1,221,705
Less: distribution to rights owners	**(126,285)**	(293,759)
At end of year	**1,222,261**	927,946

The Company's Article of Incorporation and By-laws stated that the Company may appropriate 5% of its net distributable income at the end of each financial year as a reserve fund.

(expressed in Eastern Caribbean dollars)

13 Royalties

	2014 $	2013 $
General	**707,820**	564,116
Live events	**281,633**	295,913
Broadcasting	**188,451**	191,358
	1,177,904	1,051,387

14 Administrative and general expenses

	2014 $	2013 $
Employee benefit expense (Note 15)	**331,388**	311,842
Travel and entertainment	**75,126**	59,429
Legal fees	**54,519**	37,017
Utilities	**51,261**	49,051
Office repairs and maintenance	**25,971**	22,280
BMAT licensing system fee	**25,180**	25,550
Taxes and licenses	**21,708**	34,260
Vehicle expenses	**19,811**	15,807
Expenses for meetings	**17,081**	8,492
Depreciation (Note 9)	**19,216**	26,328
Printing, postage and office supplies	**18,649**	16,351
ACCS subscription	**15,130**	23,582
Audit fees	**15,000**	15,000
CISAC/SUISA subscription fees	**8,154**	10,166
Insurance	**7,872**	11,660
Impairment of investment securities	**7,309**	6,994
Training expenses	**7,206**	5,000
Promotion and advertising	**6,906**	15,977
Membership fees	**4,300**	5,525
Bank charges	**3,750**	5,662
Directors fees	**2,225**	2,325
Other expenses	**24,055**	12,754
	761,817	721,052

(expressed in Eastern Caribbean dollars)

15 Employee benefit expense

	2014 $	2013 $
Salaries and wages	**242,640**	250,689
Bonus and staff commissions	**69,676**	45,911
Social security cost	**9,572**	8,629
Pension and medical	**9,500**	6,613
	331,388	311,842

16 Other income

	2014 $	2013 $
Interest income	**36,803**	28,261
Miscellaneous Income	**2,400**	6,006
	39,203	34,267

Grant Thornton

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Financial Statements
December 31, 2015
(expressed in Eastern Caribbean dollars)

Grant Thornton

August 31, 2016

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Independent Auditor's Report

To the Members of
Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Report on the financial statements

We have audited the accompanying financial statements of **Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.** (the Company) which comprise the balance sheet as of December 31, 2015 and the statements of comprehensive income and expenditure, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditor's Report...*continued*

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of **Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.** as of December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Grant Thornton

Chartered Accountants

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Balance Sheet

As of December 31, 2015

(expressed in Eastern Caribbean dollars)

	2015 $	2014 $
Assets		
Current assets		
Cash (Note 5)	**1,314,782**	951,787
Receivables and prepayments (Note 7)	**561,663**	360,521
Due from related party (Note 8)	**18,179**	16,614
	1,894,624	1,328,922
Property and equipment (Note 9)	**430,650**	438,961
Total assets	**2,325,274**	1,767,883
Liabilities		
Current liabilities		
Borrowings (Note 10)	**20,860**	18,941
Accruals and other payables (Note 11)	**103,722**	99,967
Deferred revenue	**48,126**	43,173
Due to rights owners (Note 12)	**1,748,700**	1,222,261
	1,921,408	1,384,342
Borrowings (Note 10)	**194,428**	214,986
Total liabilities	**2,115,836**	1,599,328
Equity		
Reserve fund	**209,438**	168,555
Total liabilities and equity	**2,325,274**	1,767,883

Approved by the Board of Directors on August 31, 2016

Director

Gaspar Llewellyn Gill

Director

Gandolph J. St. Clair

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

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Comprehensive Income and Expenditure
For the year ended December 31, 2015

(expressed in Eastern Caribbean dollars)

	2015 $	2014 $
Income		
Royalties (Note 13)	**1,588,441**	1,177,904
Registration fees	**6,713**	7,460
	1,595,154	1,185,364
Administrative and general expenses (Note 14)	**(779,893)**	(761,817)
Other income (Note 16)	**25,249**	39,203
Surplus before finance cost	**840,510**	462,750
Finance cost (Note 10)	**(22,859)**	(24,166)
Net distributable comprehensive income	**817,651**	438,584

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

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Changes in Equity

For the year ended December 31, 2015

(expressed in Eastern Caribbean dollars)

	2015 $	2014 $
Distributable reserve		
Net distributable comprehensive income for the year	**817,651**	438,584
Appropriations to reserve fund –		
5% of net distributable comprehensive income	**(40,883)**	(21,929)
Distributable income to rights owners (Note 12)	**(776,768)**	(416,655)
At end of year	–	–
Reserve fund		
At beginning of year	**168,555**	146,626
Appropriation from distributable reserve -		
5% of net distributable comprehensive income	**40,883**	21,929
At end of year	**209,438**	168,555
Equity, end of year	**209,438**	168,555

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

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Cash Flows

For the year ended December 31, 2015

(expressed in Eastern Caribbean dollars)

	2015 $	2014 $
Cash flows from operating activities		
Net distributable comprehensive income for the year	**817,651**	438,584
Adjustments for:		
Interest expense (Note 10)	**22,859**	24,166
Depreciation (Notes 9 and 14)	**19,804**	19,216
Interest income (Note 16)	**(22,416)**	(36,803)
Provision for impairment of investment securities (Notes 6 and 14)	**7,638**	7,309
Operating profit before working capital changes	**845,536**	452,472
Increase in receivables and prepayments	**(201,142)**	(102,784)
Increase in due from related party	**(1,565)**	(314)
Increase in accruals and other payables	**3,755**	445
Increase/(decrease) in deferred revenue	**4,953**	(12,931)
Net cash provided by operating activities	**651,537**	336,888
Cash flows from investing activities		
Interest received	**14,778**	29,494
Purchase of property and equipment (Note 9)	**(11,493)**	(12,592)
Net cash provided by investing activities	**3,285**	16,902
Cash flows from financing activities		
Distributions to rights owners	**(250,329)**	(122,340)
Interest paid	**(22,859)**	(24,166)
Repayment of borrowings	**(18,639)**	(17,330)
Net cash used in financing activities	**(291,827)**	(163,836)
Net increase in cash	**362,995**	189,954
Cash, beginning of year	**951,787**	761,833
Cash, end of year (Note 5)	**1,314,782**	951,787

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

(expressed in Eastern Caribbean dollars)

1 General information

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc. ("formerly The Hewanorra Musical Society (HMS) Incorporated") (the Company) was incorporated in January 2001 under the Companies Act 1996, as a non-profit company without share capital. The Company is the successor to the Hewanorra Musical Society which was established as a Partnership in June 1999. That Partnership was dissolved in January 2001 and the net assets were transferred to the Company. All rights and privileges of the members of the Partnership were also assigned to the Company.

The Company is registered as a collective society under the Copyright (Amendment) Act of 2000 and is subject to the conditions of that legislation. The principal business activity of the Company is the exercise and enforcement, on behalf of rights owners and affiliates, of all rights and remedies under the law relating to copyright and intellectual property.

The registered office of the Company is located at Castries, Saint Lucia.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The Eastern Caribbean Collective Organisation (ECCO) for Music Rights Inc. financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies

Changes in accounting policy and disclosures

a) New and amended standard that are effective for financials periods beginning on or after January 1, 2015

- ***Amendments to IAS 32, 'Financial Instruments: Offsetting financial assets and financial liabilities'.*** These amendments clarify the application of certain offsetting criteria in IAS 32, including: (a) the meaning of 'currently has a legally enforceable right of set-off'; and, (b) that some gross settlement mechanisms may be considered equivalent to net settlement. The amendments had no material effect on the Company's financial statements.

- ***Amendments to IAS 36, 'Impairment of Assets: Recoverable amount disclosures for non-financial assets'.*** These amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognized or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including: additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made; and, the discount rates used if fair value less costs of disposal is measured using a present value technique. The amendments had no material effect on the Company's statements.

(b) New standards, amendments and interpretations that are not yet effective and not early adopted by the Company

At the date of the authorisation of these financial statements, certain new standards and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company. Information on those expected to be relevant to the Company's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Company's financial statements.

- ***IFRS 9, 'Financial Instruments'.*** The IASB recently released IFRS 9 'Financial Instruments' (2015), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The Company has yet to assess the impact of IFRS 9 on the Company's financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Changes in accounting policy and disclosures...*continued*

(b) New standards, amendments and interpretations that are not yet effective and not early adopted by the Company

- ***IFRS 15, 'Revenue from Contracts with Customers'***. IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities. The Company has yet to assess the impact of IFRS 15 on the financial statements. IFRS 15 is effective for reporting periods beginning on or after January 1, 2017.

There are no other IFRS or IFRIC interpretations that are not effective that would be expected to have a material impact on the Company.

Cash
Cash include cash in hand, deposits at call with banks and restricted cash with bank.

Receivables
Receivables are carried at fair value and subsequently measured at amortised cost using effective interest method, less provision made for impairment of these receivables. A provision for impairment of 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 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 original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income and expenditure. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative and operating expenses' in the statement of comprehensive income and expenditure.

Financial assets

(a) Classification
The Company classifies its cash in banks, investment securities, and trade and other receivables as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date in which case, these are classified as non-current assets.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Financial assets...*continued*

(b) Initial recognition, derecognition and subsequent measurement
Regular way purchases and sales of loans and receivables are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Loans and receivables are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

(c) Fair value
The fair value of loans and receivables are established by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(d) Impairment
The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Individually significant loans and receivables are tested for impairment if there are indicators of impairment. Impairment loss is recognised in the statement of comprehensive income and expenditure and the carrying amount of the asset is reduced through the use of allowance.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Property and equipment

Land is stated at cost. All other property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income and expenditure during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate their cost to their residual values over the estimated useful lives as follows:

Building	2%
Computers	20%
Office furniture	20%
Office equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within other income, in the statement of comprehensive income and expenditure.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Accruals and other payables

Accruals and other payables are recognised in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are recognised initially at fair value and subsequently measured at amortised cost using effective interest. Accruals and other payables are classified as current liabilities if payment is due within one year or less. Otherwise, they are presented as non-current liabilities.

Deferred revenue

Deferred revenue represents unamortised license fees received. Deferred revenue is amortised over the life of the license.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income and expenditure over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions
Provisions are recognised when obligation (legal or constructive) is incurred as a result of past events and when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an 'Interest expense' in the statement of comprehensive income and expenditure.

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale services in the ordinary course of the Company's activities.

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 specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Performing rights royalty income from Broadcasting and Special Events is recognised on an accrual basis, where the organisations involved have the proven capacity to pay the amounts invoiced by the Company.

(b) Registration fees are recognised on an accrual basis upon submission of a completed registration form.

(c) Interest income is recognised on a time proportion basis using the effective interest method.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Related party relationships and transactions
Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Borrowing costs
Borrowing costs are expensed as incurred.

Foreign currency translation

(a) 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 Eastern Caribbean dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income and expenditure.

Contingencies
Contingent liabilities are not recognised in the financial statements. They are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent assets are not recognised unless the realisation of the assets is virtually certain. They are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Subsequent events
Post year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the Company's financial statements. Post year-end events that are not adjusting events are disclosed when material to the financial statements, if any.

Comparatives
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(expressed in Eastern Caribbean dollars)

3 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (i.e., foreign exchange risk and interest rate risk), credit risk, and liquidity risk. These risks are being managed through a process of ongoing identification, analysis, measurement, monitoring, and timely reporting of its activities.

Market risk

a) Foreign exchange risk

The Company has no significant exposure to foreign exchange risk because most transactions in foreign currency are primarily in the US dollar. The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollars (US$) has been formally pegged at EC$2.70 = US$1.00 since July 1976.

Management does not believe significant foreign exchange risk exists at December 31, 2015.

b) Cash flow and fair value interest rate risk

Differences in contractual repricing or maturity dates and changes in interest rates may expose the Company to interest rate risk. The Company's exposure and interest rates on its financial assets and liabilities are disclosed in Notes 6 and 10.

Management does not believe significant interest rate risk exists at December 31, 2015.

Credit risk

Credit risk refers to risk that counterparties will cause a financial loss for the Company by failing to discharge an obligation. The amount of the Company's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

The Company operates primarily in music industry which potentially expose the Company to concentrations of credit risk consist primarily of cash, receivables, investment securities, and due from related party. The Company also performs periodic credit evaluations of its customers' financial condition.

Maximum exposure to credit risk:

	2015	**2014**
	$	**$**
Cash	**1,314,782**	951,787
Receivables	**555,548**	356,893
Due from related party	**18,179**	16,614
At December 31	**1,888,509**	1,325,294

Management does not believe significant credit risk exists at December 31, 2015.

(expressed in Eastern Caribbean dollars)

3 Financial risk management...*continued*

Liquidity risk
Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Company monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible, the Company utilizes available credit facilities such as loans, overdrafts and other financing options.

In order to manage liquidity risks, management seeks to maintain levels of cash, which are sufficient to meet reasonable expectations of its short-term obligations.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months are estimated to equal their carrying balances as the impact of discounting is not significant.

	1 year $	1-2 years $	2-5 years $	More than 5 years $	Total $
At December 31, 2015					
Borrowings	41,497	41,497	124,491	97,284	304,769
Accruals and other payables	103,722	–	–	–	103,722
Due to rights owners	1,748,700	–	–	–	1,748,700
	1,893,919	41,497	124,491	97,284	2,157,191
At December 31, 2014					
Borrowings	41,497	41,497	124,491	138,781	346,266
Accruals and other payables	206,344	–	–	–	206,344
Due to rights owners	1,222,261	–	–	–	1,222,261
	1,470,102	41,497	124,491	138,781	1,774,871

Management does not believe significant liquidity risk exists at December 31, 2015.

(expressed in Eastern Caribbean dollars)

3 Financial risk management...*continued*

Fair value of financial assets and liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. None of the Company's financial assets and liabilities are traded in a formal market.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The carrying value of the Company's financial assets and liabilities approximate their fair values due to the short-term maturity of these items.

Collateral

The Company has pledged a part of its short-term deposits in order to fulfill collateral requirements of the Financial Institution, in relation to the Company's borrowing. As at 31 December 2015, the fair value of the short-term deposit pledged was $62,640 (2014 - $62,640) (Note 10). The financial institutions have an obligation to return the securities to the Company. There are no other significant terms and conditions associated with the use of collateral.

4 Critical judgements in applying the entity's accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management does not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(expressed in Eastern Caribbean dollars)

5 Cash

	2015 $	2014 $
Cash at bank and on hand	1,252,142	889,147
Restricted cash (Note 10)	62,640	62,640
	1,314,782	951,787

Cash at bank earns interest at 0% (2014 – 3.75%) per annum.

6 Investment securities

	2015 $	2014 $
Debt securities		
Unlisted investment securities	177,368	169,730
Less: provision for impairment of investment securities	(177,368)	(169,730)
	–	–

The weighted average effective interest rate on debt securities is 4.5% (2014 - 4.5%) per annum. This investment with CLICO International Life Insurance Limited matured on December 22, 2009. This investment has been fully provided for.

7 Receivables and prepayments

	2015 $	2014 $
Receivables	555,548	356,893
Prepayments	6,115	3,628
	561,663	360,521

The fair value of receivables approximates the carrying values at December 31, 2015 and 2014, since these receivables are expected to be realised on a short-term basis.

As at December 31, 2015, the Company has no trade receivables that are past due or impaired.

(expressed in Eastern Caribbean dollars)

8 Related party balances and transactions

	2015 $	2014 $
Due from related party		
Performing Right Society Ltd.	**18,179**	16,614

Balances with related parties are unsecured, non-interest bearing and due and demandable.

Key management compensation
Key management comprises directors and senior management of the Company.

Compensation of key management personnel were as follows:

	2015 $	2014 $
Salaries and wages	**89,100**	89,100
Pension and medical benefits	**5,321**	4,455
Social security costs	**3,000**	3,000
Other benefits	**31,557**	15,728
	128,978	112,283

(expressed in Eastern Caribbean dollars)

9 Property and equipment

	Land and Building $	Computers $	Office Furniture $	Office Equipment $	Total $
At December 31, 2013					
Cost	458,284	88,795	44,018	71,485	662,582
Accumulated depreciation	(43,300)	(72,169)	(35,535)	(65,993)	(216,997)
Net book value	414,984	16,626	8,483	5,492	445,585
Year ended December 31, 2014					
Opening net book amount	414,984	16,626	8,483	5,492	445,585
Additions	–	9,249	3,343	–	12,592
Depreciation charge (Note 14)	(8,318)	(6,885)	(1,841)	(2,172)	(19,216)
Closing net book amount	406,666	18,990	9,985	3,320	438,961
At December 31, 2014					
Cost	458,284	98,044	47,361	71,485	675,174
Accumulated depreciation	(51,618)	(79,054)	(37,376)	(68,165)	(236,213)
Net book amount	406,666	18,990	9,985	3,320	438,961
Year ended December 31, 2015					
Opening net book amount	406,666	18,990	9,985	3,320	438,961
Additions	–	4,035	–	7,458	11,493
Depreciation charge (Note 14)	(8,318)	(6,497)	(2,574)	(2,415)	(19,804)
Closing net book amount	398,348	16,528	7,411	8,363	430,650
At December 31, 2015					
Cost	458,284	102,079	47,361	78,943	686,667
Accumulated depreciation	(59,936)	(85,551)	(39,950)	(70,580)	(256,017)
Net book amount	398,348	16,528	7,411	8,363	430,650

(expressed in Eastern Caribbean dollars)

10 Borrowings

	2015 $	2014 $
Current		
Bank borrowings	**20,860**	18,941
Non-current		
Bank borrowings	**194,428**	214,986
Total borrowings	**215,288**	233,927

Bank borrowing is secured by a hypothecary obligation over the land and building of the Company which was stamped to cover $321,800, assignment of insurance policy of the building for $538,500 and lien over the Company's saving account for $62,640.

The maturity of non-current borrowings is as follows:

	2015 $	2014 $
Between 1 and 2 years	**23,108**	20,860
Between 2 and 5 years	**84,849**	76,837
More than 5 years	**86,471**	117,289
	194,428	214,986

Finance cost incurred in 2015 amounted to $22,859 (2014 - $24,166). The weighted average effective interest rate at the balance sheet date was 10% in 2015 (2014 - 10%).

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate of 10% (2014 – 10%).

The carrying value and fair value of the non-current borrowings are as follows:

	Carrying value		Fair value	
	2015 $	2014 $	2015 $	2014 $
Bank borrowings	**194,428**	214,986	**194,112**	215,046

(expressed in Eastern Caribbean dollars)

11 Accruals and other payables

	2015 $	2014 $
Accrued expenses	**41,310**	69,910
Other payables	**62,412**	30,057
	103,722	99,967

12 Due to rights owners

	2015 $	2014 $
At beginning of year	**1,222,261**	927,946
Foreign distribution received for rights owners	**8,818**	3,945
Distributable income to rights owners	**776,768**	416,655
	2,007,847	1,348,546
Less: distribution to rights owners	**(259,147)**	(126,285)
At end of year	**1,748,700**	1,222,261

The Company's Article of Incorporation and By-laws stated that the Company may appropriate 5% of its net distributable income at the end of each financial year as a reserve fund.

(expressed in Eastern Caribbean dollars)

13 Royalties

	2015 $	**2014** $
General	**728,108**	707,820
Live events	**312,620**	281,633
Broadcasting	**547,713**	188,451
	1,588,441	1,177,904

The revenue is attributed to the member territories as follows:

	2015 $	**2014** $
St. Lucia	1,236,924	851,840
St. Kitts	128,180	85,239
Dominica	71,568	126,223
Antigua	52,394	36,844
Grenada	49,981	62,728
St. Vincent	49,394	15,030
Registration fees	6,713	7,460
	1,595,154	1,185,364

(expressed in Eastern Caribbean dollars)

14 Administrative and general expenses

	2015 $	2014 $
Employee benefit expense (Note 15)	**332,708**	331,388
Travel and entertainment	**94,831**	75,126
Utilities	**50,247**	51,261
Legal fees	**31,998**	54,519
BMAT licensing system fee	**29,325**	25,180
Printing, postage and office supplies	**23,728**	18,649
Taxes and licenses	**39,929**	21,708
Promotion and advertising	**18,321**	6,906
Depreciation (Note 9)	**19,804**	19,216
Vehicle expenses	**15,586**	19,811
Audit fees	**15,000**	15,000
Training expenses	**13,753**	7,206
Expenses for meetings	**12,125**	17,081
Office repairs and maintenance	**12,607**	25,971
Impairment of investment securities	**7,638**	7,309
Insurance	**7,177**	7,872
Membership fees	**6,679**	4,300
Bank charges	**5,727**	3,750
CISAC/SUISA subscription fees	**4,107**	8,154
Directors fees	**4,650**	2,225
ACCS subscription	**–**	15,130
Other expenses	**33,953**	24,055
	779,893	761,817

(expressed in Eastern Caribbean dollars)

15 Employee benefit expense

	2015 $	2014 $
Salaries and wages	**250,682**	242,640
Bonus and staff commissions	**61,505**	69,676
Social security cost	**12,025**	9,572
Pension and medical	**8,496**	9,500
	332,708	331,388

16 Other income

	2015 $	2014 $
Interest income	**22,416**	36,803
Miscellaneous Income	**2,833**	2,400
	25,249	39,203

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Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Financial Statements
December 31, 2016
(expressed in Eastern Caribbean dollars)

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

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Grant Thornton

July 19, 2018

Independent Auditor's Report

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To the Members of
Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.** (the Company) which comprise the statement of financial position as of December 31, 2016 and the statements of comprehensive income and expenditure, changes in equity and cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of **Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.** as of December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material 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 Auditor's Report*...continued*

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 International Standards on Auditing 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 International Standards on Auditing, 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 auditor's 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 auditor's 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.

Grant Thornton

Chartered Accountants

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Financial Position
As of December 31, 2016

(expressed in Eastern Caribbean dollars)

	2016 $	2015 $
Assets		
Current assets		
Cash (Note 5)	**2,638,101**	1,314,782
Receivables and prepayments (Note 7)	**1,316,171**	561,663
Due from related party (Note 8)	**17,921**	18,179
	3,972,193	1,894,624
Property and equipment (Note 9)	**437,545**	430,650
Intangible assets (Note 10)	**46,479**	–
Total assets	**4,456,217**	2,325,274
Liabilities		
Current liabilities		
Borrowings (Note 11)	**23,108**	20,860
Accruals and other payables (Note 12)	**226,371**	103,722
Deferred revenue	**33,870**	48,126
Due to rights owners (Note 13)	**3,597,108**	1,748,700
	3,880,457	1,921,408
Borrowings (Note 11)	**170,191**	194,428
Total liabilities	**4,050,648**	2,115,836
Equity		
Reserve fund	**405,569**	209,438
Total liabilities and equity	**4,456,217**	2,325,274

Approved by the Board of Directors on June 27, 2018

________________ Director   hanlemage ________________ Director

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

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Comprehensive Income and Expenditure

For the year ended December 31, 2016

(expressed in Eastern Caribbean dollars)

	2016 $	2015 $
Income		
Royalties (Note 14)	**3,447,998**	1,588,441
Registration fees	**6,900**	6,713
	3,454,898	1,595,154
Administrative and general expenses (Note 15)	**(663,984)**	(508,690)
Staff costs (Note 16)	**(260,743)**	(271,203)
Other income (Note 17)	**64,043**	25,249
Surplus before finance cost	**2,594,214**	840,510
Finance cost (Note 11)	**(19,509)**	(22,859)
Net comprehensive income	**2,574,705**	817,651
Attributable to:		
Net distributable comprehensive income	**2,503,762**	817,651
Other income not included in distributable reserves	**70,943**	–
Net comprehensive income	**2,574,705**	817,651

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

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Changes in Equity

For the year ended December 31, 2016

(expressed in Eastern Caribbean dollars)

	2016 $	2015 $
Distributable reserve		
Net distributable comprehensive income for the year	**2,503,762**	817,651
Appropriations to reserve fund – 5% of net distributable comprehensive income	**(125,188)**	(40,883)
Distributable income to rights owners (Note 13)	**(2,378,574)**	(776,768)
At end of year	**–**	–
Reserve fund		
At beginning of year	**209,438**	168,555
Appropriation from distributable reserve - 5% of net distributable comprehensive income	**125,188**	40,883
Other income not included in distributable comprehensive income	**70,943**	–
At end of year	**405,569**	209,438
Equity, end of year	**405,569**	209,438

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

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Cash Flows

For the year ended December 31, 2016

(expressed in Eastern Caribbean dollars)

	2016 $	2015 $
Cash flows from operating activities		
Net income for the year	**2,574,705**	817,651
Adjustments for:		
Interest expense (Note 11)	**19,509**	22,859
Depreciation and amortization (Notes 9, 10 and 15)	**26,098**	19,804
Interest income (Note 17)	**(7,981)**	(22,416)
Provision for impairment of investment securities (Notes 6 and 15)	**7,981**	7,638
Operating profit before working capital changes	**2,620,312**	845,536
Increase in receivables and prepayments	**(754,508)**	(201,142)
Decrease/(increase in due from related party	**258**	(1,565)
Increase in accruals and other payables	**122,649**	3,755
Increase/(decrease) in deferred revenue	**(14,256)**	4,953
Net cash provided by operating activities	**1,974,455**	651,537
Cash flows from investing activities		
Interest received	**–**	14,778
Purchase of property and equipment (Note 9)	**(29,548)**	(11,493)
Purchase of intangible assets (Note 10)	**(49,924)**	–
Net cash (used in)/provided by investing activities	**(79,472)**	3,285
Cash flows from financing activities		
Distributions to rights owners	**(530,166)**	(250,329)
Interest paid	**(19,509)**	(22,859)
Repayment of borrowings	**(21,989)**	(18,639)
Net cash used in financing activities	**(571,664)**	(291,827)
Net increase in cash	**1,323,319**	362,995
Cash, beginning of year	**1,314,782**	951,787
Cash, end of year (Note 5)	**2,638,101**	1,314,782

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

(expressed in Eastern Caribbean dollars)

1 General information

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc. ("formerly The Hewanorra Musical Society (HMS) Incorporated") (the Company) was incorporated in January 2001 under the Companies Act 1996, as a non-profit company without share capital. The Company is the successor to the Hewanorra Musical Society which was established as a Partnership in June 1999. That Partnership was dissolved in January 2001 and the net assets were transferred to the Company. All rights and privileges of the members of the Partnership were also assigned to the Company.

The Company is registered as a collective society under the Copyright (Amendment) Act of 2000 and is subject to the conditions of that legislation. The principal business activity of the Company is the exercise and enforcement, on behalf of rights owners and affiliates, of all rights and remedies under the law relating to copyright and intellectual property.

The registered office of the Company is located at Castries, Saint Lucia.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The Eastern Caribbean Collective Organisation (ECCO) for Music Rights Inc. financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Changes in Accounting policies and disclosures

(a) New and revised standards that are effective for annual periods beginning on or after January 1, 2016

A The standards, amendments and interpretations that became mandatorily effective for the financial year beginning January 1, 2016 have no material impact on the Company's financial position and performance. Accordingly, the Company has made no changes to its accounting policies in 2016.

Other standards, amendments and interpretations which are effective for the financial year beginning January 1, 2016 are not material to the Company.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies

Changes in accounting policy and disclosures ...*continued*

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2016 and not early adopted

At the date of the authorisation of these financial statements, certain new standards and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company. Information on those expected to be relevant to the Company's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Company's financial statements.

- ***IFRS 9, 'Financial Instruments'***. The IASB recently released IFRS 9 'Financial Instruments' (2016), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The Company has yet to assess the impact of IFRS 9 on the Company's financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

- ***IFRS 15 'Revenue from Contracts with Customers'***
IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning on or after January 1, 2018. The Company's management has not yet assessed the impact of IFRS 15 on these financial statements.

- ***IFRS 16, 'Leases'***. IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and as lease liability. The Company has yet to assess the impact of IFRS 16 on the Company's financial statements. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies*...continued*

Cash
Cash include cash in hand, deposits at call with banks and restricted cash with bank.

Receivables
Receivables are carried at fair value and subsequently measured at amortised cost using effective interest method, less provision made for impairment of these receivables. A provision for impairment of 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 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 original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income and expenditure. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative and operating expenses' in the statement of comprehensive income and expenditure.

Financial assets

(a) Classification
The Company classifies its cash in banks, investment securities, and trade and other receivables as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date in which case, these are classified as non-current assets.

(b) Initial recognition, derecognition and subsequent measurement
Regular way purchases and sales of loans and receivables are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Loans and receivables are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

(c) Fair value
The fair value of loans and receivables are established by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(d) Impairment
The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Individually significant loans and receivables are tested for impairment if there are indicators of impairment. Impairment loss is recognised in the statement of comprehensive income and expenditure and the carrying amount of the asset is reduced through the use of allowance.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Property and equipment
Land is stated at cost. All other property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income and expenditure during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate their cost to their residual values over the estimated useful lives as follows:

Building	2%
Computers	20%
Office furniture	20%
Office equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within other income, in the statement of comprehensive income and expenditure.

Intangible assets
Website development costs are capitalised on the basis of the cost incurred to acquire and bring to use the website into use. These costs are amortized over their estimated useful life of 4 years. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 years.

Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Accruals and other payables
Accruals and other payables are recognised in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are recognised initially at fair value and subsequently measured at amortised cost using effective interest. Accruals and other payables are classified as current liabilities if payment is due within one year or less. Otherwise, they are presented as non-current liabilities.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Deferred revenue
Deferred revenue represents unamortised license fees received. Deferred revenue is amortised over the life of the license.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income and expenditure over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions
Provisions are recognised when obligation (legal or constructive) is incurred as a result of past events and when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an 'Interest expense' in the statement of comprehensive income and expenditure.

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale services in the ordinary course of the Company's activities.

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 specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Performing rights royalty income from Broadcasting and Special Events is recognised on an accrual basis, where the organisations involved have the proven capacity to pay the amounts invoiced by the Company.

(b) Registration fees are recognised on an accrual basis upon submission of a completed registration form.

(c) Interest income is recognised on a time proportion basis using the effective interest method.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...*continued*

Related party relationships and transactions
Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Borrowing costs
Borrowing costs are expensed as incurred.

Foreign currency translation

(a) 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 Eastern Caribbean dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income and expenditure.

Contingencies
Contingent liabilities are not recognised in the financial statements. They are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent assets are not recognised unless the realisation of the assets is virtually certain. They are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Subsequent events
Post year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the Company's financial statements. Post year-end events that are not adjusting events are disclosed when material to the financial statements, if any.

Comparatives
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(expressed in Eastern Caribbean dollars)

3 Financial risk management

Financial risk factors
The Company's activities expose it to a variety of financial risks: market risk (i.e., foreign exchange risk and interest rate risk), credit risk, and liquidity risk. These risks are being managed through a process of ongoing identification, analysis, measurement, monitoring, and timely reporting of its activities.

Market risk

a) Foreign exchange risk
The Company has no significant exposure to foreign exchange risk because most transactions in foreign currency are primarily in the US dollar. The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollars (US$) has been formally pegged at EC$2.70 = US$1.00 since July 1976.

Management does not believe significant foreign exchange risk exists at December 31, 2016.

b) Cash flow and fair value interest rate risk
Differences in contractual repricing or maturity dates and changes in interest rates may expose the Company to interest rate risk. The Company's exposure and interest rates on its financial assets and liabilities are disclosed in Notes 6 and 11.

Management does not believe significant interest rate risk exists at December 31, 2016.

Credit risk
Credit risk refers to risk that counterparties will cause a financial loss for the Company by failing to discharge an obligation. The amount of the Company's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

The Company operates primarily in music industry which potentially expose the Company to concentrations of credit risk consist primarily of cash, receivables, investment securities, and due from related party. The Company also performs periodic credit evaluations of its customers' financial condition.

Maximum exposure to credit risk:

	2016 $	2015 $
Cash	**2,638,101**	1,314,782
Receivables	**1,265,030**	555,548
Due from related party	**17,921**	18,179
At December 31	**3,921,052**	1,888,509

Management does not believe significant credit risk exists at December 31, 2016.

(expressed in Eastern Caribbean dollars)

3 Financial risk management...*continued*

Liquidity risk
Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Company monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible, the Company utilizes available credit facilities such as loans, overdrafts and other financing options.

In order to manage liquidity risks, management seeks to maintain levels of cash, which are sufficient to meet reasonable expectations of its short-term obligations.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months are estimated to equal their carrying balances as the impact of discounting is not significant.

	1 year $	1-2 years $	2-5 years $	More than 5 years $	Total $
At December 31, 2016					
Borrowings	41,497	41,497	124,491	55,787	263,272
Accruals and other payables	226,371	–	–	–	226,371
Due to rights owners	3,597,108	–	–	–	3,597,108
	3,864,976	41,497	124,491	55,787	4,086,751
At December 31, 2015					
Borrowings	41,497	41,497	124,491	97,284	304,769
Accruals and other payables	103,722	–	–	–	103,722
Due to rights owners	1,748,700	–	–	–	1,748,700
	1,893,919	41,497	124,491	97,284	2,157,191

Management does not believe significant liquidity risk exists at December 31, 2016.

(expressed in Eastern Caribbean dollars)

3 Financial risk management...*continued*

Fair value of financial assets and liabilities
Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. None of the Company's financial assets and liabilities are traded in a formal market.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The carrying value of the Company's financial assets and liabilities approximate their fair values due to the short-term maturity of these items.

Collateral
The Company has pledged a part of its short-term deposits in order to fulfill collateral requirements of the Financial Institution, in relation to the Company's borrowing. As at 31 December 2016, the fair value of the short-term deposit pledged was $62,640 (2015 - $62,640) (Note 11). The financial institutions have an obligation to return the securities to the Company. There are no other significant terms and conditions associated with the use of collateral.

4 Critical judgements in applying the entity's accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management does not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(expressed in Eastern Caribbean dollars)

5 Cash

	2016 $	2015 $
Cash at bank and on hand	**2,575,461**	1,252,142
Restricted cash (Note 11)	**62,640**	62,640
	2,638,101	1,314,782

6 Investment securities

	2016 $	2015 $
Debt securities		
Unlisted investment securities	**185,349**	177,368
Less: provision for impairment of investment securities	**(185,349)**	(177,368)
	–	–

The weighted average effective interest rate on debt securities is 4.5% (2015 - 4.5%) per annum. This investment with CLICO International Life Insurance Limited matured on December 22, 2009. This investment has been fully provided for.

7 Receivables and prepayments

	2016 $	
Receivables	**1,265,030**	555,548
Staff loans and advances	**45,124**	–
Prepayments	**6,017**	6,115
	1,316,171	561,663

The fair value of receivables approximates the carrying values at December 31, 2016 and 2015, since these receivables are expected to be realised on a short-term basis.

As at December 31, 2016, the Company has no trade receivables that are past due or impaired.

(expressed in Eastern Caribbean dollars)

8 Related party balances and transactions

	2016 $	2015 $
Due from related party		
Performing Right Society Ltd.	**17,921**	18,179

Balances with related parties are unsecured, non-interest bearing and due and demandable.

Key management compensation
Key management comprises directors and senior management of the Company.

Compensation of key management personnel were as follows:

	2016 $	2015 $
Salaries and wages	**133,500**	89,100
Pension and medical benefits	**6,293**	5,321
Social security costs	**3,000**	3,000
Other benefits	**20,000**	31,557
	162,793	128,978

(expressed in Eastern Caribbean dollars)

9 Property and equipment

	Land and Building $	Computers $	Office Furniture $	Office Equipment $	Total $
At December 31, 2014					
Cost	458,284	98,044	47,361	71,485	675,174
Accumulated depreciation	(51,618)	(79,054)	(37,376)	(68,165)	(236,213)
Net book value	406,666	18,990	9,985	3,320	438,961
Year ended December 31, 2015					
Opening net book amount	406,666	18,990	9,985	3,320	438,961
Additions	–	4,035	–	7,458	11,493
Depreciation charge (Note 15)	(8,318)	(6,497)	(2,574)	(2,415)	(19,804)
Closing net book amount	398,348	16,528	7,411	8,363	430,650
At December 31, 2015					
Cost	458,284	102,079	47,361	78,943	686,667
Accumulated depreciation	(59,936)	(85,551)	(39,950)	(70,580)	(256,017)
Net book amount	398,348	16,528	7,411	8,363	430,650
Year ended December 31, 2016					
Opening net book amount	398,348	16,528	7,411	8,363	430,650
Additions	17,178	8,742	–	3,628	29,548
Depreciation charge (Note 15)	(8,661)	(7,253)	(2,415)	(4,324)	(22,653)
Closing net book amount	406,865	18,017	4,996	7,667	437,545
At December 31, 2016					
Cost	475,462	110,821	47,361	82,571	716,215
Accumulated depreciation	(68,597)	(92,804)	(42,365)	(74,904)	(278,670)
Net book amount	406,865	18,017	4,996	7,667	437,545

(expressed in Eastern Caribbean dollars)

10 Intangible assets

	Software, licenses and websites $
At December 31, 2015	
Cost	–
Accumulated amortization	–
Net book amount	–
Year ended December 31, 2016	
Opening net book amount	–
Additions	49,924
Amortization (Note 15)	(3,445)
Closing net book amount	46,479
At December 31, 2016	
Cost	49,924
Accumulated amortization	(3,445)
Net book amount	46,479

(expressed in Eastern Caribbean dollars)

11 Borrowings

	2016 $	2015 $
Current		
Bank borrowings	**23,108**	20,860
Non-current		
Bank borrowings	**170,191**	194,428
Total borrowings	**193,299**	215,288

Bank borrowing is secured by a hypothecary obligation over the land and building of the Company which was stamped to cover $321,800, assignment of insurance policy of the building for $538,500 and lien over the Company's current account for $62,640.

The maturity of non-current borrowings is as follows:

	2016 $	2015 $
Between 1 and 2 years	**25,528**	23,108
Between 2 and 5 years	**93,734**	84,849
More than 5 years	**50,929**	86,471
	170,191	194,428

Finance cost incurred in 2016 amounted to $19,509 (2015 - $22,859). The weighted average effective interest rate at the balance sheet date was 10% in 2016 (2015 - 10%).

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate of 10% (2015 – 10%).

The carrying value and fair value of the non-current borrowings are as follows:

	Carrying value		Fair value	
	2016 $	2015 $	2016 $	2015 $
Bank borrowings	**170,191**	194,428	**170,987**	194,112

(expressed in Eastern Caribbean dollars)

12 Accruals and other payables

	2016 $	2015 $
Accrued expenses	**15,000**	41,310
Other payables	**211,371**	62,412
	226,371	103,722

13 Due to rights owners

	2016 $	2015 $
At beginning of year	**1,748,700**	1,222,261
Foreign distribution received for rights owners	**–**	8,818
Distributable income to rights owners	**2,378,574**	776,768
	4,127,274	2,007,847
Less: distribution to rights owners	**(530,166)**	(259,147)
At end of year	**3,597,108**	1,748,700

The Company's Article of Incorporation and By-laws stated that the Company may appropriate 5% of its net distributable income at the end of each financial year as a reserve fund.

14 Royalties

	2016 $	2015 $
General	**747,856**	728,108
Live events	**327,233**	312,620
Broadcasting	**2,372,909**	547,713
	3,447,998	1,588,441

(expressed in Eastern Caribbean dollars)

14 Royalties *.....continued*

The revenue is attributed to the member territories as follows:

	2016 $	2015 $
St. Lucia	**1,321,797**	1,236,924
Grenada	**615,236**	49,981
St. Vincent	**584,893**	49,394
Antigua	**609,464**	52,394
Dominica	**206,623**	71,568
St. Kitts	**103,085**	128,180
Registration fees	**6,900**	6,713
	3,447,998	1,595,154

15 Administrative and general expenses

	2016 $	2015 $
ACCS subscription and meetings	**106,020**	–
Travel and entertainment	**91,130**	94,831
Legal fees	**80,134**	31,998
Agents fees and commissions	**61,210**	61,505
Utilities	**45,562**	50,247
BMAT licensing system fee	**42,140**	29,325
Promotion and advertising	**40,572**	18,321
Depreciation and amortization (Notes 9, 10)	**26,098**	19,804
Printing, postage and office supplies	**23,975**	23,728
Vehicle expenses	**17,376**	15,586
Expenses for meetings	**17,236**	12,125
Taxes and licenses	**16,380**	39,929
Audit fees	**15,000**	15,000
Office repairs and maintenance	**9,724**	12,607
Impairment of investment securities	**7,981**	7,638
Insurance	**6,267**	7,177
Membership fees	**6,161**	6,679
Directors fees	**5,100**	4,650
Bank charges	**3,776**	5,727
CISAC/SUISA subscription fees	**2,037**	4,107
Training expenses	**375**	13,753
Other expenses	**39,730**	33,953
	663,984	508,690

(expressed in Eastern Caribbean dollars)

16 Employee benefit expense

	2016 $	2015 $
Salaries and wages	239,205	250,682
Social security cost	11,285	12,025
Pension and medical	10,253	8,496
	260,743	271,203

17 Other income

	2016 $	2015 $
Interest income	7,981	22,416
Miscellaneous Income	56,062	2,833
	64,043	25,249

Miscellaneous income includes a refund by the World Intellectual Property Organisation of expenses pertaining to consulting services for regional governance manual and capacity building of boards of Caribbean music organisations in 2015.

Grant Thornton

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Financial Statements
December 31, 2017
(expressed in Eastern Caribbean dollars)

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

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Grant Thornton

March 15, 2019

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**To the Members of
Eastern Caribbean Collective Organisation for
Music Rights (ECCO) Inc.**

Report on the Financial Statements

Opinion
We have audited the accompanying financial statements of **Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.** (the Company) which comprise the statement of financial position as of December 31, 2017 and the statements of comprehensive income and expenditure, changes in equity and cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of **Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.** as of December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Eastern Caribbean, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material 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 Auditor's Report...*continued*

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 International Standards on Auditing 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 International Standards on Auditing, 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 auditor's 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 auditor's 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.

Grant Thornton

Chartered Accountants

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Financial Position

As of December 31, 2017

(expressed in Eastern Caribbean dollars)

	2017 $	2016 $
Assets		
Current assets		
Cash (Note 5)	**2,830,566**	2,638,101
Receivables and prepayments (Note 7)	**694,570**	1,316,171
Due from related party (Note 8)	**18,645**	17,921
Other asset	**43,000**	–
	3,586,781	3,972,193
Property and equipment (Note 9)	**433,536**	437,545
Intangible assets (Note 10)	**33,998**	46,479
Total assets	**4,054,315**	4,456,217
Liabilities		
Current liabilities		
Borrowings (Note 11)	**25,528**	23,108
Accruals and other payables (Note 12)	**176,785**	226,371
Deferred revenue	**58,381**	33,870
Due to rights owners (Note 13)	**3,226,295**	3,597,108
	3,486,989	3,880,457
Borrowings (Note 11)	**144,091**	170,191
Total liabilities	**3,631,080**	4,050,648
Equity		
Reserve fund	**423,235**	405,569
Total liabilities and equity	**4,054,315**	4,456,217

Approved by the Board of Directors on March 11, 2019

Director

Director

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

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Comprehensive Income and Expenditure
For the year ended December 31, 2017

(expressed in Eastern Caribbean dollars)

	2017 $	2016 $
Income		
Royalties (Note 14)	**1,151,955**	3,447,998
Registration fees	**8,276**	6,900
	1,160,231	3,454,898
Administrative and general expenses (Note 15)	**(788,232)**	(663,984)
Staff costs (Note 16)	**(321,924)**	(260,743)
Other income (Note 17)	**8,364**	64,043
Surplus before finance cost	**58,439**	2,594,214
Finance cost (Note 11)	**(21,275)**	(19,509)
Net comprehensive income	**37,164**	2,574,705
Attributable to:		
Net distributable comprehensive income	**20,524**	2,503,762
Other income not included in distributable reserves	**16,640**	70,943
Net comprehensive income	**37,164**	2,574,705

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

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Changes in Equity

For the year ended December 31, 2017

(expressed in Eastern Caribbean dollars)

	2017 $	2016 $
Distributable reserve		
Net distributable comprehensive income for the year	**20,524**	2,503,762
Appropriations to reserve fund –		
5% of net distributable comprehensive income	**(1,026)**	(125,188)
Distributable income to rights owners (Note 13)	**(19,498)**	(2,378,574)
At end of year	–	–
Reserve fund		
At beginning of year	**405,569**	209,438
Appropriation from distributable reserve -		
5% of net distributable comprehensive income	**1,026**	125,188
Other income not included in distributable comprehensive income	**16,640**	70,943
At end of year	**423,235**	405,569
Equity, end of year	**423,235**	405,569

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

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Cash Flows

For the year ended December 31, 2017

(expressed in Eastern Caribbean dollars)

	2017 $	2016 $
Cash flows from operating activities		
Net income for the year	**37,164**	2,574,705
Adjustments for:		
Interest expense (Note 11)	**21,275**	19,509
Depreciation and amortization (Notes 9, 10 and 15)	**34,567**	26,098
Interest income (Note 17)	**(8,341)**	(7,981)
Provision for impairment of investment securities (Notes 6 and 15)	**8,341**	7,981
Operating profit before working capital changes	**93,006**	2,620,312
Decrease/(increase) in receivables and prepayments	**621,601**	(754,508)
Increase in other asset	**(43,000)**	–
(Increase)/decrease in due from related party	**(724)**	258
(Decrease)/increase in accruals and other payables	**(49,586)**	122,649
Increase/(decrease) in deferred revenue	**24,511**	(14,256)
Net cash provided by operating activities	**645,808**	1,974,455
Cash flows from investing activities		
Purchase of property and equipment (Note 9)	–	(29,548)
Purchase of intangible assets (Note 10)	**(18,077)**	(49,924)
Net cash used in by investing activities	**(18,077)**	(79,472)
Cash flows from financing activities		
Distributions to rights owners	**(390,311)**	(530,166)
Interest paid	**(21,275)**	(19,509)
Repayment of borrowings	**(23,680)**	(21,989)
Net cash used in financing activities	**(435,266)**	(571,664)
Net increase in cash	**192,465**	1,323,319
Cash, beginning of year	**2,638,101**	1,314,782
Cash, end of year (Note 5)	**2,830,566**	2,638,101

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

(expressed in Eastern Caribbean dollars)

1 General information

Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc. ("formerly The Hewanorra Musical Society (HMS) Incorporated") (the Company) was incorporated in January 2001 under the Companies Act 1996, as a non-profit company without share capital. The Company is the successor to the Hewanorra Musical Society which was established as a Partnership in June 1999. That Partnership was dissolved in January 2001 and the net assets were transferred to the Company. All rights and privileges of the members of the Partnership were also assigned to the Company.

The Company is registered as a collective society under the Copyright (Amendment) Act of 2000 and is subject to the conditions of that legislation. The principal business activity of the Company is the exercise and enforcement, on behalf of rights owners and affiliates, of all rights and remedies under the law relating to copyright and intellectual property.

The registered office of the Company is located at Castries, Saint Lucia.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Eastern Caribbean Collective Organisation (ECCO) for Music Rights Inc. financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Changes in Accounting policies and disclosures

(a) New and revised standards that are effective for annual periods beginning on or after January 1, 2017

A The standards, amendments and interpretations that became mandatorily effective for the financial year beginning January 1, 2017 have no material impact on the Company's financial position and performance. Accordingly, the Company has made no changes to its accounting policies in 2016.

Other standards, amendments and interpretations which are effective for the financial year beginning January 1, 2017 are not material to the Company.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies

Changes in accounting policy and disclosures *…continued*

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2017 and not early adopted

At the date of the authorisation of these financial statements, certain new standards and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company. Information on those expected to be relevant to the Company's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Company's financial statements.

- ***IFRS 9, 'Financial Instruments'***. The IASB recently released IFRS 9 'Financial Instruments' (2016), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The Company has yet to assess the impact of IFRS 9 on the Company's financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

- ***IFRS 15 'Revenue from Contracts with Customers'***
  IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning on or after January 1, 2018. The Company's management has not yet assessed the impact of IFRS 15 on these financial statements.

- ***IFRS 16, 'Leases'***. IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and as lease liability. The Company has yet to assess the impact of IFRS 16 on the Company's financial statements. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies*...continued*

Cash

Cash include cash in hand, deposits at call with banks and restricted cash with bank.

Receivables

Receivables are carried at fair value and subsequently measured at amortised cost using effective interest method, less provision made for impairment of these receivables. A provision for impairment of 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 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 original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income and expenditure. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative and operating expenses' in the statement of comprehensive income and expenditure.

Financial assets

(a) Classification

The Company classifies its cash in banks, investment securities, and trade and other receivables as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date in which case, these are classified as non-current assets.

(b) Initial recognition, derecognition and subsequent measurement

Regular way purchases and sales of loans and receivables are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Loans and receivables are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

(c) Fair value

The fair value of loans and receivables are established by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(d) Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Individually significant loans and receivables are tested for impairment if there are indicators of impairment. Impairment loss is recognised in the statement of comprehensive income and expenditure and the carrying amount of the asset is reduced through the use of allowance.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies*...continued*

Property and equipment
Land is stated at cost. All other property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income and expenditure during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate their cost to their residual values over the estimated useful lives as follows:

Building	2%
Computers	20%
Office furniture	20%
Office equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within other income, in the statement of comprehensive income and expenditure.

Intangible assets
Website development costs are capitalised on the basis of the cost incurred to acquire and bring to use the website into use. These costs are amortized over their estimated useful life of 4 years. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 years.

Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Accruals and other payables
Accruals and other payables are recognised in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are recognised initially at fair value and subsequently measured at amortised cost using effective interest. Accruals and other payables are classified as current liabilities if payment is due within one year or less. Otherwise, they are presented as non-current liabilities.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies*...continued*

Deferred revenue
Deferred revenue represents unamortised license fees received. Deferred revenue is amortised over the life of the license.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income and expenditure over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions
Provisions are recognised when obligation (legal or constructive) is incurred as a result of past events and when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an 'Interest expense' in the statement of comprehensive income and expenditure.

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale services in the ordinary course of the Company's activities.

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 specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Performing rights royalty income from Broadcasting and Special Events is recognised on an accrual basis, where the organisations involved have the proven capacity to pay the amounts invoiced by the Company.

(b) Registration fees are recognised on an accrual basis upon submission of a completed registration form.

(c) Interest income is recognised on a time proportion basis using the effective interest method.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies*...continued*

Related party relationships and transactions
Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Borrowing costs
Borrowing costs are expensed as incurred.

Foreign currency translation

(a) 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 Eastern Caribbean dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income and expenditure.

Contingencies
Contingent liabilities are not recognised in the financial statements. They are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent assets are not recognised unless the realisation of the assets is virtually certain. They are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Subsequent events
Post year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the Company's financial statements. Post year-end events that are not adjusting events are disclosed when material to the financial statements, if any.

Comparatives
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(expressed in Eastern Caribbean dollars)

3 Financial risk management

Financial risk factors
The Company's activities expose it to a variety of financial risks: market risk (i.e., foreign exchange risk and interest rate risk), credit risk, and liquidity risk. These risks are being managed through a process of ongoing identification, analysis, measurement, monitoring, and timely reporting of its activities.

Market risk

a) Foreign exchange risk
The Company has no significant exposure to foreign exchange risk because most transactions in foreign currency are primarily in the US dollar. The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollars (US$) has been formally pegged at EC$2.70 = US$1.00 since July 1976.

Management does not believe significant foreign exchange risk exists at December 31, 2017.

b) Cash flow and fair value interest rate risk
Differences in contractual repricing or maturity dates and changes in interest rates may expose the Company to interest rate risk. The Company's exposure and interest rates on its financial assets and liabilities are disclosed in Notes 6 and 11.

Management does not believe significant interest rate risk exists at December 31, 2017.

Credit risk
Credit risk refers to risk that counterparties will cause a financial loss for the Company by failing to discharge an obligation. The amount of the Company's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

The Company operates primarily in music industry which potentially expose the Company to concentrations of credit risk consist primarily of cash, receivables, investment securities, and due from related party. The Company also performs periodic credit evaluations of its customers' financial condition.

Maximum exposure to credit risk:

	2017 **$**	**2016** **$**
Cash	**2,830,566**	2,638,101
Receivables	**691,023**	1,265,030
Due from related party	**18,645**	17,921
At December 31	**3,540,234**	3,921,052

Management does not believe significant credit risk exists at December 31, 2017.

(expressed in Eastern Caribbean dollars)

3 Financial risk management…*continued*

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Company monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible, the Company utilizes available credit facilities such as loans, overdrafts and other financing options.

In order to manage liquidity risks, management seeks to maintain levels of cash, which are sufficient to meet reasonable expectations of its short-term obligations.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months are estimated to equal their carrying balances as the impact of discounting is not significant.

	1 year $	1-2 years $	2-5 years $	More than 5 years $	Total $
At December 31, 2017					
Borrowings	41,497	41,497	124,491	14,290	221,775
Accruals and other payables	176,785	–	–	–	176,785
Due to rights owners	3,226,295	–	–	–	3,226,295
	3,444,577	41,497	124,491	14,290	3,624,855
At December 31, 2016					
Borrowings	41,497	41,497	124,491	55,787	263,272
Accruals and other payables	226,371	–	–	–	226,371
Due to rights owners	3,597,108	–	–	–	3,597,108
	3,864,976	41,497	124,491	55,787	4,086,751

Management does not believe significant liquidity risk exists at December 31, 2017.

(expressed in Eastern Caribbean dollars)

3 Financial risk management*...continued*

Fair value of financial assets and liabilities
Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. None of the Company's financial assets and liabilities are traded in a formal market.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: unobservable inputs for the asset or liability.

The carrying value of the Company’s financial assets and liabilities approximate their fair values due to the short-term maturity of these items.

Collateral
The Company has pledged a part of its short-term deposits in order to fulfill collateral requirements of the Financial Institution, in relation to the Company’s borrowing. As at 31 December 2017, the fair value of the short-term deposit pledged was $62,640 (2016 - $62,640) (Note 11). The financial institutions have an obligation to return the securities to the Company. There are no other significant terms and conditions associated with the use of collateral.

4 Critical judgements in applying the entity’s accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management does not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(expressed in Eastern Caribbean dollars)

5 Cash

	2017 $	2016 $
Cash at bank and on hand	**2,767,926**	2,575,461
Restricted cash (Note 11)	**62,640**	62,640
	2,830,566	2,638,101

6 Investment securities

	2017 $	2016 $
Debt securities		
Unlisted investment securities	**193,690**	185,349
Less: provision for impairment of investment securities	**(193,690)**	(185,349)
	–	–

The weighted average effective interest rate on debt securities is 4.5% (2016 - 4.5%) per annum. This investment with CLICO International Life Insurance Limited matured on December 22, 2009. This investment has been fully provided for.

7 Receivables and prepayments

	2017 $	2016 $
Receivables	**632,074**	1,265,030
Staff loans and advances	**58,949**	45,124
Prepayments	**3,547**	6,017
	694,570	1,316,171

The fair value of receivables approximates the carrying values at December 31, 2017 and 2016, since these receivables are expected to be realised on a short-term basis.

As at December 31, 2017, the Company has no trade receivables that are past due or impaired.

(expressed in Eastern Caribbean dollars)

8 Related party balances and transactions

	2017 $	2016 $
Due from related party		
Performing Right Society Ltd.	**18,645**	17,921

Balances with related parties are unsecured, non-interest bearing and due and demandable.

Key management compensation
Key management comprises directors and senior management of the Company.

Compensation of key management personnel were as follows:

	2017 $	2015 $
Salaries and wages	**125,702**	133,500
Pension and medical benefits	**6,419**	6,293
Social security costs	**3,000**	3,000
Other benefits	**23,915**	20,000
	159,036	162,793

(expressed in Eastern Caribbean dollars)

9 Property and equipment

	Land and Building $	Computers $	Office Furniture $	Office Equipment $	Total $
At December 31, 2015					
Cost	458,284	102,079	47,361	78,943	686,667
Accumulated depreciation	(59,936)	(85,551)	(39,950)	(70,580)	(256,017)
Net book value	398,348	16,528	7,411	8,363	430,650
Year ended December 31, 2016					
Opening net book amount	398,348	16,528	7,411	8,363	430,650
Additions	17,178	8,742	–	3,628	29,548
Depreciation charge (Note 15)	(8,661)	(7,253)	(2,415)	(4,324)	(22,653)
Closing net book amount	406,865	18,017	4,996	7,667	437,545
At December 31, 2016					
Cost	475,462	110,821	47,361	82,571	716,215
Accumulated depreciation	(68,597)	(92,804)	(42,365)	(74,904)	(278,670)
Net book amount	406,865	18,017	4,996	7,667	437,545
Year ended December 31, 2017					
Opening net book amount	406,865	18,017	4,996	7,667	437,545
Additions	–	4,847	6,630	6,600	18,077
Depreciation charge (Note 15)	(8,661)	(5,952)	(3,564)	(3,909)	(22,086)
Closing net book amount	398,204	16,912	8,062	10,358	433,536
At December 31, 2017					
Cost	475,462	88,834	53,991	89,171	707,458
Accumulated depreciation	(77,258)	(71,922)	(45,929)	(78,813)	(273,922)
Net book amount	398,204	16,912	8,062	10,358	433,536

(expressed in Eastern Caribbean dollars)

10 Intangible assets

	Software, licenses and websites $
At December 31, 2016	
Cost	49,924
Accumulated amortization	(3,445)
Net book amount	46,479
Year ended December 31, 2017	
Opening net book amount	46,479
Amortization (Note 15)	(12,481)
Closing net book amount	33,998
At December 31, 2017	
Cost	49,924
Accumulated amortization	(15,926)
Net book amount	33,998

(expressed in Eastern Caribbean dollars)

11 Borrowings

	2017 $	2016 $
Current		
Bank borrowings	**25,528**	23,108
Non-current		
Bank borrowings	**144,091**	170,191
Total borrowings	**169,619**	193,299

Bank borrowing is secured by a hypothecary obligation over the land and building of the Company which was stamped to cover $321,800, assignment of insurance policy of the building for $538,500 and lien over the Company's current account for $62,640.

The maturity of non-current borrowings is as follows:

	2017 $	2016 $
Between 1 and 2 years	**28,201**	25,528
Between 2 and 5 years	**103,549**	93,734
More than 5 years	**12,341**	50,929
	144,091	170,191

Finance cost incurred in 2017 amounted to $21,275 (2016 - $19,509). The weighted average effective interest rate at the balance sheet date was 10% in 2017 (2016 - 10%).

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate of 10% (2016 – 10%).

The carrying value and fair value of the non-current borrowings are as follows:

	Carrying value		Fair value	
	2017 $	2016 $	2017 $	2016 $
Bank borrowings	**144,091**	170,191	**145,440**	170,987

(expressed in Eastern Caribbean dollars)

12 Accruals and other payables

	2017 $	2016 $
Accrued expenses	**35,180**	15,000
Other payables	**141,605**	211,371
	176,785	226,371

13 Due to rights owners

	2017 $	2016 $
At beginning of year	**3,597,108**	1,748,700
Distributable income to rights owners	**19,498**	2,378,574
	3,616,606	4,127,274
Less: distribution to rights owners	**(390,311)**	(530,166)
At end of year	**3,226,295**	3,597,108

The Company's Article of Incorporation and By-laws stated that the Company may appropriate 5% of its net distributable income at the end of each financial year as a reserve fund.

14 Royalties

	2017 $	2016 $
General	**834,207**	747,856
Live events	**159,519**	327,233
Broadcasting	**158,229**	2,372,909
	1,151,955	3,447,998

(expressed in Eastern Caribbean dollars)

14 Royalties *.....continued*

The revenue is attributed to the member territories as follows:

	2017 $	2016 $
St. Lucia	**853,490**	1,328,697
Antigua	**108,404**	609,464
St. Kitts	**67,611**	103,085
Dominica	**50,899**	206,623
St. Vincent	**42,641**	584,893
Grenada	**28,910**	615,236
	1,151,955	3,447,998

15 Administrative and general expenses

	2017 $	2016 $
Legal fees	**103,360**	80,134
Agents fees and commissions	**76,034**	61,210
Taxes and licenses	**76,299**	16,380
Travel and entertainment	**53,941**	91,130
CISAC/SUISA subscription fees	**51,155**	2,037
Utilities	**46,414**	45,562
BMAT licensing system fee	**44,079**	42,140
ACCS subscription and meetings	**38,037**	106,020
Bad debts written off	**34,722**	–
Depreciation and amortization (Notes 9, 10)	**34,567**	26,098
Audit and accounting fees	**30,850**	15,000
Promotion and advertising	**29,200**	40,572
Expenses for meetings	**23,176**	17,236
Office repairs and maintenance	**22,848**	9,724
Printing, postage and office supplies	**18,154**	23,975
Vehicle expenses	**12,413**	17,376
Insurance	**12,280**	6,267
Directors fees	**11,375**	5,100
Bank charges	**10,146**	3,776
Impairment of investment securities	**8,341**	7,981
Training expenses	**7,650**	375
Membership fees	**4,890**	6,161
Other expenses	**38,301**	39,730
	788,232	663,984

(expressed in Eastern Caribbean dollars)

16 Employee benefit expense

	2017 $	2016 $
Salaries and wages	**302,730**	239,205
Social security cost	**11,290**	11,285
Pension and medical	**6,384**	10,253
Other staff benefits	**1,520**	–
	321,924	260,743

17 Other income

	2017 $	2016 $
Interest income	**8,341**	7,981
Miscellaneous income	**23**	56,062
	8,364	64,043

Miscellaneous income in the prior year includes a refund by the World Intellectual Property Organisation of expenses pertaining to consulting services for regional governance manual and capacity building of boards of Caribbean music organisations in 2015.