



*Protecting Music Rights*



# Annual Report 2020



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# MESSAGE FROM THE CHAIR



**VERNALDERINE FRANCIS**

2020 was indeed an unprecedented year. Many industries around the world were adversely affected by the Covid-19 pandemic and the music industry was no exception. In fact, it can be argued that in our region, the music and entertainment industries were the hardest hit with businesses struggling to stay afloat while others permanently shut their doors.

As Caribbean people, our love for music and our creativity is undeniable and this is reflected in just about all aspects of our daily lives. With the music and entertainment industry coming to a screeching halt, this rendered one revenue stream for our members nonexistent.

In addition to this, other areas where there was room for revenue generation, albeit on a smaller

scale, from premises such as cafés, bars, restaurants, shops, stores and so on, were also affected by lockdowns across the OECS. This too contributed to our members' inability to generate any form of income from their music.

CMO's across the globe were also affected by the pandemic because our business is directly associated with the music and entertainment industries. Although these lockdowns undoubtedly affected our operations, ECCO understood the effects the pandemic had on its members and worked assiduously to assist both our members and licensees through the uncertainty. We paid out royalties earlier than scheduled and provided an allocation to all members to help them cope with the sudden loss of income.

To assist our licensees, we adjusted invoices to reflect the period of closure. We offered discounts and payment plans to encourage payment but to also avert the accumulation of debt which would put these licensees at a disadvantage and make it more difficult to recover post Covid.

The pandemic is still ongoing and some countries are experiencing third and fourth waves with lockdowns expected to continue into the first half of 2021. Some countries are re-opening their borders to tourism and travel, while others are allowing social gatherings/events. These are indications of slow but nonetheless recovery on the horizon.



# COMPANY PROFILE

The Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc. is an association of songwriters and publishers of musical works and is the legal entity responsible for administering the performing rights of its members and members of Affiliated Societies. Through reciprocal agreements, ECCO has control of the world's music repertoire. That is to say, we are responsible for licensing all public use of music in the Eastern Caribbean irrespective of which country the songwriter is from or what genre of music is used.

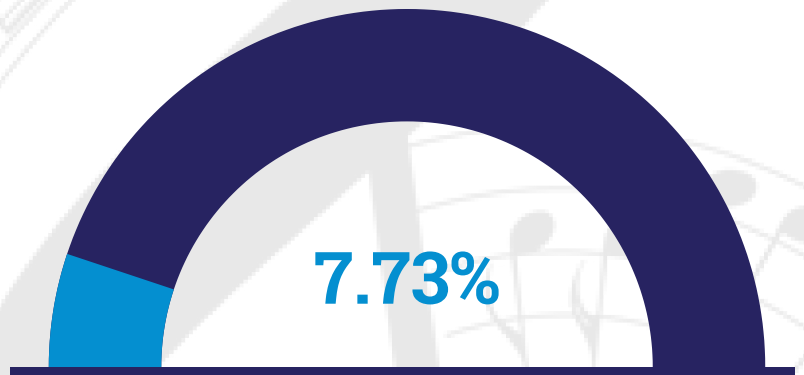
## OUR MANDATE

ECCO collects fees by issuing licences to music users granting them permission and authority to the restrictive acts as defined in the Copyright Acts of the region, including; public performances, broadcasting, communication to the public, reproduction etc.





# KEY ACHIEVEMENTS & ACTIVITY



## Achievements

**Growth in Membership which stood at 776 at the end of 2019.**

## Activity

- WEBINARS** - The Distribution Process  
- Role of Members
- DISTRIBUTION** Payments done ahead of scheduled date.
- BOARD OF DIRECTORS** Approved a special allocation for Covid-19 relief to members.
- MUSIC USERS** Credits, discounts and payment plans were issued for minimal business operations due to Covid-19.
- OPERATIONS** Cost cuts were made in several areas of operations including staff salaries in an effort to manage the expenses of the organisation.
- LITIGATION** In 2019, an action was filed against Cane Juice, a promoter in St. Kitts and Nevis. The matter is still ongoing.



# BOARD OF DIRECTORS

The ECCO Board comprises of a total of 14 Directors: 12 Writer Directors and 2 Publisher Directors. We take this opportunity to commend our members for their resilience, for continuing to create music, forging alliances, and using the different social media platforms to keep their music alive while providing entertainment for the general public at a time when it was needed.

**Vernalderine Francis**

Chair  
St. Kitts & Nevis

**Crispin d'Auverge**

Vice-Chair  
St. Lucia

**Linda Berthier**

Secretary  
St. Lucia

**Buffalo Odlum**

Writer Director  
St. Lucia

**Courtney Louis  
(Stratosphere Muzic)**

Publisher Director  
St. Lucia

**Gilroy Hall**

Writer Director  
St. Lucia

**Hervin Hood**

Writer Director  
Grenada

**Ian Sanchez  
(Sanchez Publishing)**

Publisher Director  
St. Lucia

**Lancelot Chapman**

Writer Director  
St. Vincent &  
the Grenadines

**Melissa Moses**

Writer Director  
St. Lucia

**Michele Henderson**

Writer Director  
Dominica

**Rankin Morgan**

Writer Director  
St. Lucia

**Robert Taylor**

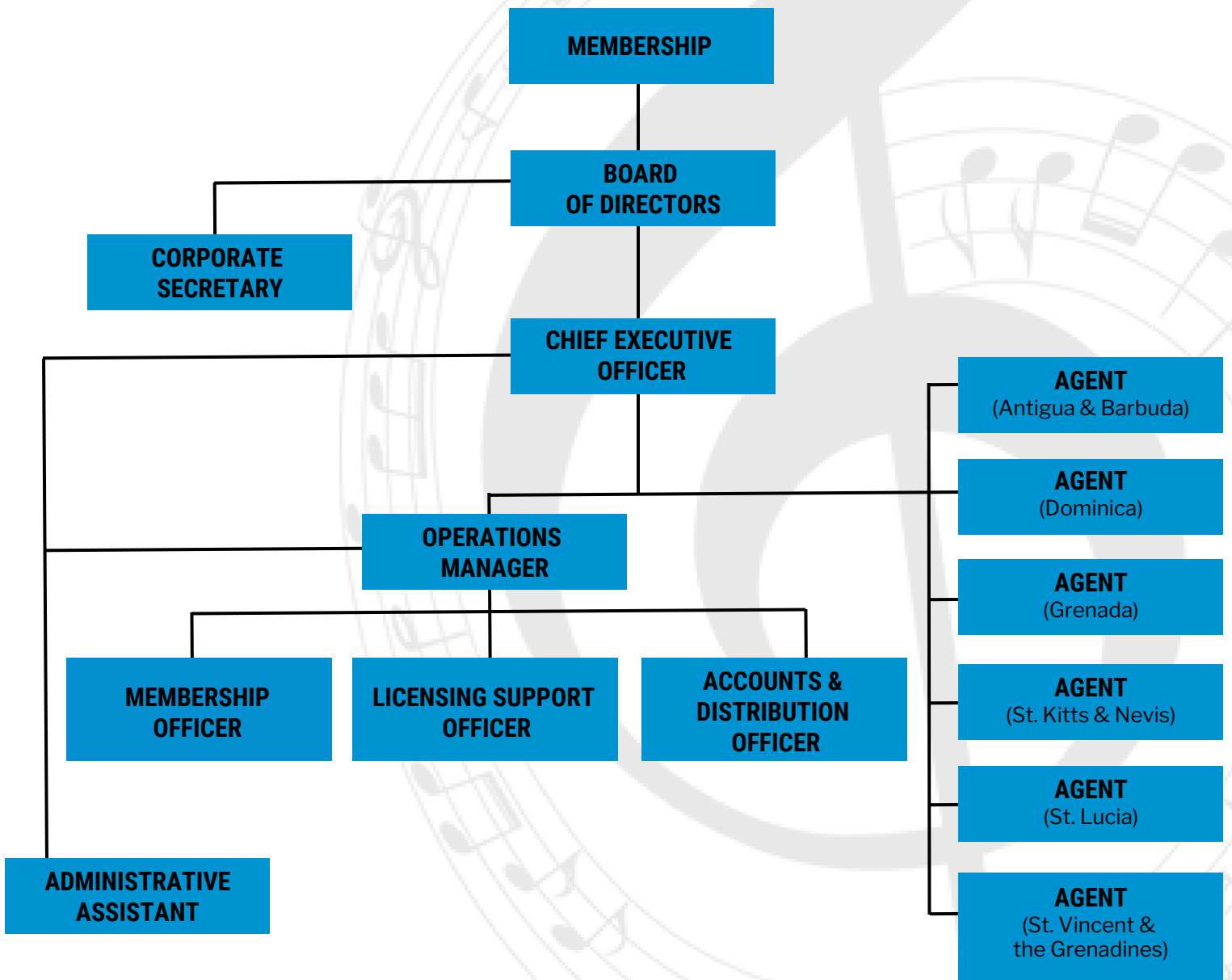
Writer Director  
St. Lucia

**Vaughan Skeritt**

Writer Director  
Antigua & Barbuda



# ORGANISATIONAL CHART





# OUR AFFILIATES

AFFILIATES	TERRITORY
ACDAM	Cuba
ASCAP	USA
ALBAUTOR	Albania
BMI	USA
BUMA	Netherlands
BSCAP	Belize
COTT	Trinidad & Tobago
COSCAP	Barbados
JACAP	Jamaica
JASRAC	Japan
MCPS	United Kingdom
PRS	United Kingdom
SACEM	France
SACM	Mexico
SAMRO	South Africa
SASUR	Suriname
SAYCO	Colombia
SCD	Chile
SESAC	USA
SGAE	Spain
SOCAN	Canada
SUISA	Switzerland
UACRR	Ukraine



# MEMBERSHIP

In 2020, ECCO had 56 songwriters and 4 publishers become members of the organisation. These members came from Antigua and Barbuda, Dominica, Saint Kitts and Nevis, Saint Lucia and Saint Vincent & the Grenadines. We had no applicants from Grenada. Therefore, we had membership growth in 5 of the 6 territories in which ECCO operates.

We are indeed pleased to act herein on your behalf, and take this opportunity to introduce you to the rest of the membership. On behalf of the Board of Directors of the Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc., we welcome you to the organisation.

<b>ANTIGUA &amp; BARBUDA</b>	<b>TOTAL- 02</b>
<b>LINDY LAWRENCE HENDERSON CHARLES</b>	Writer
<b>VAUGHAN EUAN JAMES SKERITT</b>	Writer
<b>DOMINICA</b>	<b>TOTAL- 01</b>
<b>NATHANAEL DURAND</b>	Writer
<b>ST. VINCENT &amp; THE GRENADINES</b>	<b>TOTAL- 09</b>
<b>ANDREA VERA KAREN DASILVA</b>	Writer
<b>ANITA WATSON-ADAMS</b>	Writer
<b>ARTHUR WILLAM LEOPOLD ANTHONY</b>	Writer
<b>NEFERTITI NSENGA RUSELL</b>	Writer
<b>ROHAN ROBERTS</b>	Writer
<b>SYLVANUS JACOBS</b>	Writer
<b>WINSTON ST HILAIRE</b>	Writer
<b>ZURIELENE ADAMS</b>	Writer
<b>X-A-DUS</b>	Publisher



# MEMBERSHIP

<b>ST. KITTS &amp; NEVIS</b>	<b>TOTAL- 18</b>
<b>ADRIAN LIONEL CAINES</b>	Writer
<b>AKEEM SAUNDERS</b>	Writer
<b>CHARNELLE JOHANA MC MASTER</b>	Writer
<b>CORY TYSON</b>	Writer
<b>DONDRE FIEULLETEAU</b>	Writer
<b>DUJON SYLVESTER KENAZ CAESAR</b>	Writer
<b>EVERSON MATTHEW</b>	Writer
<b>GABRIELLA ELENA LA PLACE</b>	Writer
<b>JADAH DEROBB EDDY</b>	Writer
<b>KENNIE KIYON RICHARDSON</b>	Writer
<b>KENROY WARNER</b>	Writer
<b>KIRTNEY THELSTON WALTERS</b>	Writer
<b>KITZSIER VICKISHA GUMBS</b>	Writer
<b>MARVIN ROYSTON RAWLINS</b>	Writer
<b>NICHA CALANDRA BYRON</b>	Writer
<b>NICKHAIL ROGERS</b>	Writer
<b>NIVIEN WEHBI</b>	Writer
<b>ROY NATHANIEL NISBETT</b>	Writer



# MEMBERSHIP

<b>ST. LUCIA</b>	<b>TOTAL- 30</b>
<b>ADAN OCTAVE</b>	Writer
<b>ALDIN NORVILLE</b>	Writer
<b>ANDREZ ANTHONY</b>	Writer
<b>BRANDT JEAN</b>	Writer
<b>DARSHAN LOUIS</b>	Writer
<b>GARCAYE FREDERICK</b>	Writer
<b>GERMAIN GEDEON</b>	Writer
<b>HAVILLA KING</b>	Writer
<b>JAY BERTHIER</b>	Writer
<b>JERWIN MARQUIS</b>	Writer
<b>JOSH ST. ROMAIN</b>	Writer
<b>KELLY BLONDELL</b>	Writer
<b>KEVIN JN BAPTISTE</b>	Writer
<b>LISA GUARD</b>	Writer
<b>NICHOLE ROCHELLE MC DONALD</b>	Writer
<b>OLARRY ALFRED</b>	Writer
<b>PRIMUS NELSON</b>	Writer
<b>ROBERT GORDON TAYLOR</b>	Writer
<b>RUDY JOSEPH</b>	Writer
<b>SHEM NOEL</b>	Writer
<b>SWAMED JN BAPTISTE</b>	Writer
<b>VICTORY JOSH SURGI LA FORCE</b>	Writer
<b>VINCENT ROJEAN LONDON</b>	Writer





# MEMBERSHIP

<b>ST. LUCIA continued...</b>	<b>TOTAL- 30</b>
<b>YADEL LAURENT</b>	Writer
<b>ZINAIDA MC NAMARA-PHILLIP</b>	Writer
<b>RIVERBANK SECURITIES</b>	Publisher
<b>411 ENTERTAINMENT MANAGEMENT LTD</b>	Publisher
<b>GUSTUNES PRODUCTION LTD</b>	Publisher



# NEW MEMBERS ANALYSIS

The charts below present new songwriter members according to their gender and territory. As the data shows, the majority of new members were male with the highest number coming from Saint Lucia.

New Songwriter Members			56
TERRITORY	MALE	FEMALE	TOTAL
ANTIGUA & BARBUDA	2	0	2
DOMINICA	1	0	1
GRENADA	0	0	0
ST. KITTS & NEVIS	14	4	18
ST. LUCIA	23	4	27
ST. VINCENT & THE GRENADINES	5	3	8
OTHER	0	0	0

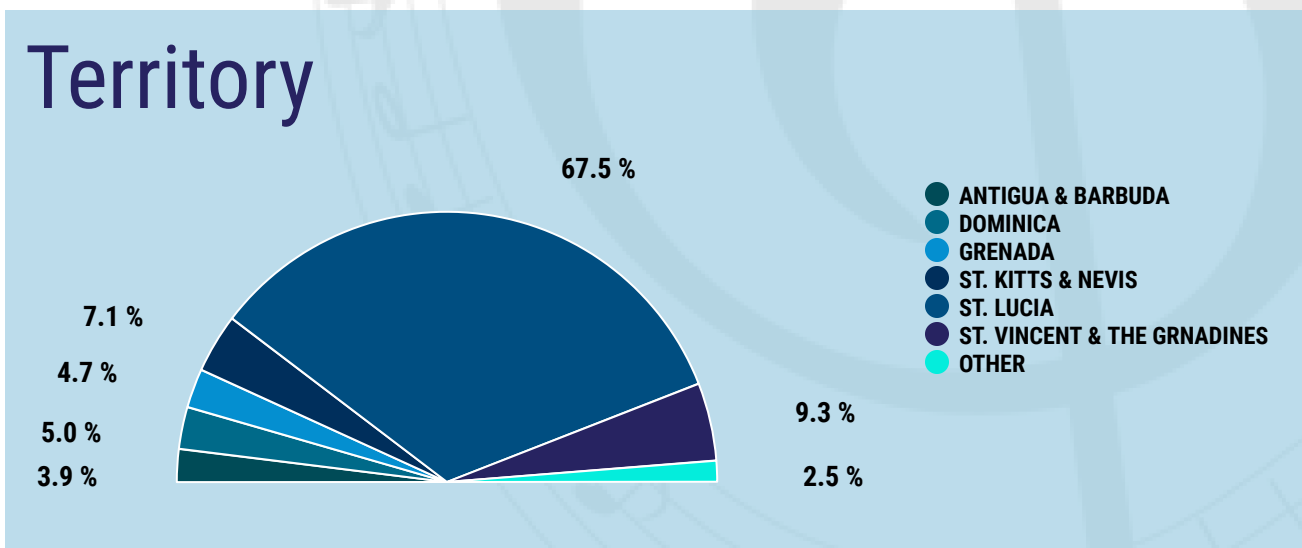
New Publisher Members		04
TERRITORY	TOTAL	
ANTIGUA & BARBUDA	0	
DOMINICA	0	
GRENADA	0	
ST. KITTS & NEVIS	0	
ST. LUCIA	3	
ST. VINCENT & THE GRENADINES	1	
OTHER	0	



# TOTAL MEMBERSHIP

Membership grew from 776 at the end of 2019 to 836 at the end of 2020; this represents a 7.73% growth. The breakdown below shows the total membership according to territory and includes both songwriter and publisher members.

Total Members	836
TERRITORY	TOTAL
ANTIGUA & BARBUDA	33
DOMINICA	42
GRENADA	39
ST. KITTS & NEVIS	59
ST. LUCIA	564
ST. VINCENT & THE GRENADINES	78
OTHER	21

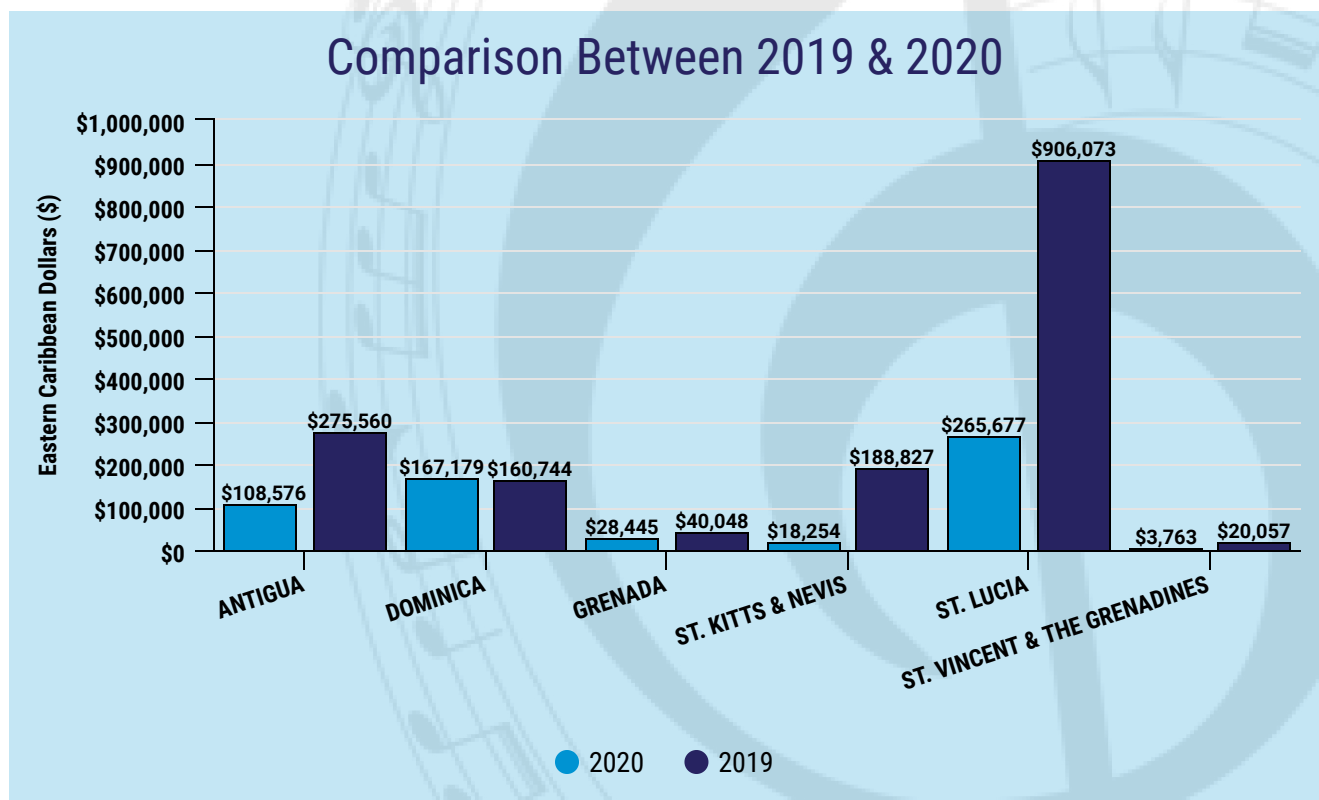




# LICENSING

For the year 2020, ECCO's licensing revenue suffered tremendously due to lockdowns, travel restrictions, lack of mass crowd events, and minimal business operations in an effort to curb the COVID-19 pandemic in the Eastern Caribbean. Renewal of licences proved to be a tedious and challenging task despite the numerous credits, discounts and payment plans granted to our licensees.

A decrease of over 50% was realized in all operating territories with the exception of Dominica where there was a 4% increase.

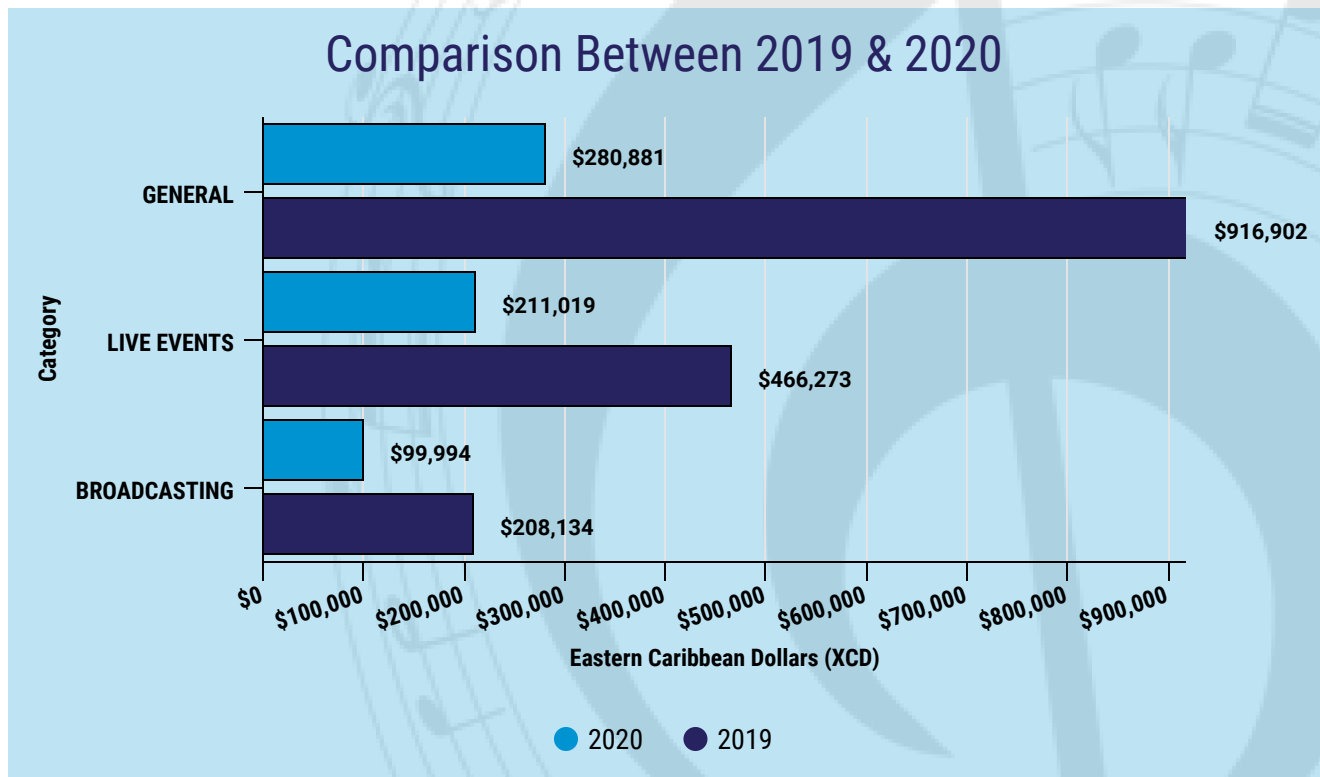




# DISTRIBUTION

ECCO processed distributions three times in 2020, including distribution of royalties received from sister society, COTT.

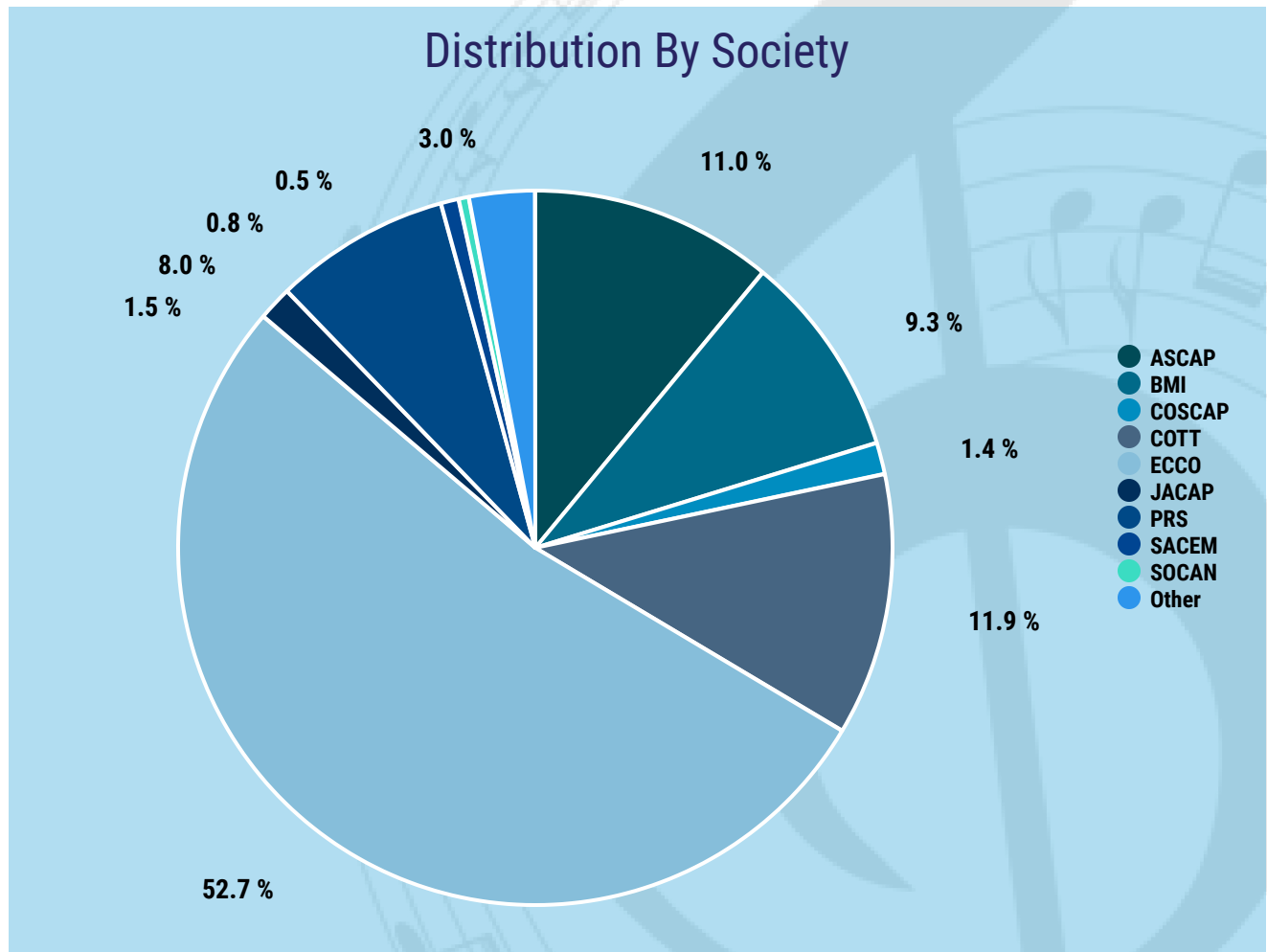
The first distribution made in April comprised of royalties for the period 1st January 2018 to 31st December 2018. Royalties received from COTT were distributed in August while the December distribution covered royalties for the period January to December 2019.





# DISTRIBUTION continued..

The Pie Chart below illustrates the Distribution by Society. We are pleased to say that majority of the revenue was distributed to ECCO members. This represents 52.7% of the distribution.





# WHAT'S NEXT?

In the face of harsh economic realities, a lack of understanding of the creative sector, and a view that copyright infringement carries no legal recourse; non-compliance by commercial music users to become licensed users continues to be a major obstacle in achieving harmony between the creators and users of musical works. We believe that through the education of music users and sensitization to the plight of music creators, we can create a climate where non-compliance will effectively be a thing of the past.

To achieve this desired state of harmony between the major stakeholders (creators and users of musical works), education is the only effective buffer that we can employ through the dissemination of accurate information on the rights of music creators as well as the role of ECCO in administering and monetizing those rights on behalf of music creators. ECCO is often misunderstood by both the users of musical works and even the creators of musical works, who are themselves members of ECCO.

The main areas of importance to the Board of Directors are transparency and proper conduct in our management. We have come a long way but still have ways to go as a relatively young and growing CMO in a small market. In the coming years, we aim to be compliant with the International rules of CISAC which stipulates that our cost of administration be below 30% of revenue generated. ECCO is also looking at the introduction of a social and cultural model aimed at ensuring that more resources are available to our members. To build on the reputation of our organisation, we must emulate good governance and efficiency and be a leader in the Caribbean Region.





# AUDITOR'S REPORT & FINANCIAL STATEMENTS

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

Financial Statements  
**December 31, 2020**  
(expressed in Eastern Caribbean dollars)

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

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\_\_\_\_\_, 2022

## **Independent Auditor's Report**

**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, 2020 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, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities.

#### **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:

- ① 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.
- ① 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.
- ① Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ① 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.
- ① 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.

**Chartered Accountants**

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

Statement of Financial Position

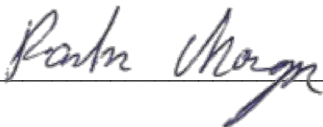
As of December 31, 2020

(expressed in Eastern Caribbean dollars)

	2020 \$	2019 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash (Note 4)	2,255,697	2,721,989
Trade and other receivables (Note 6)	352,454	917,333
Due from related party (Note 7)	5,682	5,682
	<u>2,613,833</u>	<u>3,645,004</u>
<b>Property and equipment</b> (Note 8)	388,719	400,815
<b>Intangible assets</b> (Note 9)	–	9,036
	<u>3,002,552</u>	<u>4,054,855</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Borrowings (Note 10)	31,120	31,120
Accruals and other payables (Note 11)	337,969	358,094
Provision for legal award	5,000	–
Deferred revenue	151,966	122,520
Due to rights owners (Note 12)	1,893,864	2,955,348
	<u>2,419,919</u>	<u>3,467,082</u>
<b>Borrowings</b> (Note 10)	<u>69,501</u>	<u>84,759</u>
<b>Total liabilities</b>	<u>2,489,420</u>	<u>3,551,841</u>
<b>Equity</b>		
<b>Reserve fund</b>	<u>513,132</u>	<u>503,014</u>
<b>Total liabilities and equity</b>	<u>3,002,552</u>	<u>4,054,855</u>

Approved by the Board of Directors on 25th May, 2022

 Director

 Director

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

(3)

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

Statement of Comprehensive Income and Expenditure  
For the year ended December 31, 2020

(expressed in Eastern Caribbean dollars)

	2020 \$	2019 \$
<b>Income</b>		
Royalties (Note 13)	591,894	1,591,309
Registration fees	9,900	7,500
	<u>601,794</u>	1,598,809
<b>Administrative and general expenses</b> (Note 14)	<b>(357,130)</b>	(642,885)
<b>Receivables impairment</b>	<b>(329,560)</b>	(114,184)
<b>Legal and professional fees</b>	<b>(155,400)</b>	(115,577)
<b>Staff costs</b> (Note 15)	<b>(283,096)</b>	(314,240)
<b>Disposal of property, plant and equipment</b>	–	(135)
<b>Other income</b> (Note 16)	<u>218</u>	11,255
<b>(Deficit)/surplus before finance cost</b>	<b>(523,174)</b>	423,041
<b>Finance cost</b> (Note 10)	<u><b>(5,491)</b></u>	(13,275)
<b>Net comprehensive (loss)/income</b>	<u><b>(528,665)</b></u>	409,766
<b>Attributable to:</b>		
Net distributable comprehensive (loss)/income	<b>(538,783)</b>	391,011
Other income not included in distributable reserves	<u>10,118</u>	18,755
<b>Net comprehensive (loss)/income</b>	<u><b>(528,665)</b></u>	409,766

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

(4)

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

## Statement of Changes in Equity For the year ended December 31, 2020

(expressed in Eastern Caribbean dollars)

	2020 \$	2019 \$
<b>Distributable reserve</b>		
Net distributable comprehensive (loss)/income for the year	<u>(538,783)</u>	<u>391,011</u>
Appropriations to reserve fund –		
5% of net distributable comprehensive income	–	(19,551)
Distributable loss/(income) to rights owners (Note 12)	<u>538,783</u>	<u>(371,460)</u>
At end of year	<u>–</u>	<u>–</u>
<b>Reserve fund</b>		
At beginning of year	503,014	464,708
Appropriation from distributable reserve -		
5% of net distributable comprehensive income	–	19,551
Other (loss)/income not included in distributable comprehensive income	<u>10,118</u>	<u>18,755</u>
At end of year	<u>513,132</u>	<u>503,014</u>
<b>Equity, end of year</b>	<u>513,132</u>	<u>503,014</u>

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

(5)



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

## Statement of Cash Flows

For the year ended December 31, 2020

(expressed in Eastern Caribbean dollars)

	2020 \$	2019 \$
<b>Cash flows from operating activities</b>		
Net (loss)/income for the year	(528,665)	409,766
Adjustments for:		
Interest expense (Note 10)	5,491	13,275
Bad debts expense	329,560	114,184
Provision for legal award	5,000	–
Depreciation and amortization (Notes 8, 9 and 14)	24,364	30,430
Loss on disposal of property, plant and equipment	–	135
Interest income (Note 16)	–	(10,455)
Operating (loss)/profit before working capital changes	(164,250)	557,335
Decrease/(increase) in receivables and prepayments	235,321	(482,076)
Decrease in other asset	–	43,000
(Decrease)/increase in accruals and other payables	(20,125)	62,574
Increase in deferred revenue	29,445	67,033
Net cash provided by operating activities	80,389	247,866
<b>Cash flows from investing activities</b>		
Purchase of property and equipment (Note 8)	(3,232)	(8,871)
Interest received	–	10,455
Net cash (used in)/generated by investing activities	(3,232)	1,584
<b>Cash flows from financing activities</b>		
Distributions to rights owners	(522,700)	(532,718)
Interest paid	(5,491)	(13,275)
Repayment of borrowings	(15,258)	(28,222)
Net cash used in financing activities	(543,449)	(574,215)
<b>Net decrease in cash</b>	(466,292)	(324,765)
<b>Cash, beginning of year</b>	2,721,989	3,046,754
<b>Cash, end of year (Note 4)</b>	2,255,697	2,721,989

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

(6)

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

Notes to Financial Statements

For the year ended December 31, 2020

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## 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 financial statements of the Eastern Caribbean Collective Organisation (ECCO) for Music Rights Inc. have been prepared in accordance with International Financial Reporting Standards for Small and Medium -sized Entities (IFRS for SMEs) and under the historical cost convention.

The preparation of financial statements in conformity with IFRS for SMEs 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 3.

### a) Statement of compliance

The financial statements of the company have been prepared in accordance with IFRS for SMEs as issued by the International Accounting Standards Board (IASB).

### b) Cash

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

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

Notes to Financial Statements

For the year ended December 31, 2020

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

### c) Trade 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.

### d) 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.

### e) 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.

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

Notes to Financial Statements

For the year ended December 31, 2020

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

### f) 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.

### g) Financial instruments

#### Financial assets

Trade and other receivables and cash

These financial assets are recognised initially at the transaction price. Subsequently, they are measured at amortised cost using the effective interest method, less provision for impairment. Sales are made on normal credit terms and trade receivables do not bear interest.

Where there is objective evidence that the carrying amounts of receivables are not recoverable, an impairment loss is recognised in profit or loss.

#### Financial liabilities

The Company's financial liabilities include borrowings and trade and other payables. Financial liabilities are recognised initially at transaction price. After initial recognition they are measured at amortised cost using the effective interest method. Trade payables are on normal credit terms and do not bear interest.

### h) 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.

### i) Deferred revenue

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

### j) 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.

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

Notes to Financial Statements

For the year ended December 31, 2020

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

### k) 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.

### l) 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.

### m) 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.

### n) Borrowing costs

Borrowing costs are expensed as incurred.

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

Notes to Financial Statements

For the year ended December 31, 2020

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

### **o) 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.

### **p) 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.

### **q) 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.

### **r) Comparatives**

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

## 3 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.

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

Notes to Financial Statements

For the year ended December 31, 2020

## 4 Cash

	2020 \$	2019 \$
Cash at bank and on hand	2,193,057	2,659,349
Restricted cash (Note 10)	62,640	62,640
	<u>2,255,697</u>	<u>2,721,989</u>

## 5 Investment securities

	2020 \$	2019 \$
<b>Debt securities</b>		
Unlisted investment securities	221,032	192,406
Less: provision for impairment of investment securities	<u>(221,032)</u>	<u>(192,406)</u>
	<u>—</u>	<u>—</u>

The weighted average effective interest rate on debt securities is 4.5% (2019 - 4.5%) per annum. This investment with CLICO International Life Insurance Limited matured on December 22, 2009. This investment has been fully provided for.

## 6 Trade and other receivables

	2020 \$	2019 \$
Trade receivables	718,385	952,424
Less: Provision for impairment of receivables	<u>(384,795)</u>	<u>(55,235)</u>
	333,590	897,189
Prepayments	18,355	14,348
Other receivables	<u>509</u>	<u>5,796</u>
	<u>352,454</u>	<u>917,333</u>

The fair value of receivables approximates the carrying values at December 31, 2020 and 2019, since these receivables are expected to be realised on a short-term basis.

The creation and release of provision for impaired receivables have been included in administrative expenses in the statement of comprehensive income (Note 14). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

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

Notes to Financial Statements

For the year ended December 31, 2020

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## 7 Related party balances and transactions

	2020 \$	2019 \$
<b>Due from related party</b>		
Performing Right Society Ltd.	<u>5,682</u>	<u>5,682</u>

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

### Key management compensation

Key management comprises senior management of the Company.

Compensation of key management personnel were as follows:

	2020 \$	2019 \$
Salaries and wages	146,199	156,000
Social security costs	5,152	5,700
Pension and medical benefits	634	505
Other benefits	<u>5,000</u>	<u>6,000</u>
	<u>156,985</u>	<u>168,205</u>



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

Notes to Financial Statements

For the year ended December 31, 2020

## 8 Property and equipment

	Land and Building \$	Computers \$	Office Furniture \$	Office Equipment \$	Total \$
<b>At December 31, 2018</b>					
Cost	475,462	49,586	18,707	64,858	608,613
Accumulated depreciation	(85,919)	(41,089)	(14,304)	(57,273)	(198,585)
Net book value	389,543	8,497	4,403	7,585	410,028
<b>Year ended December 31, 2019</b>					
Opening net book amount	389,543	8,497	4,403	7,585	410,028
Additions	–	3,690	–	5,181	8,871
Disposals, net	–	–	–	(135)	(135)
Depreciation charge (Note 14)	(8,661)	(4,119)	(1,574)	(3,595)	(17,949)
Closing net book amount	380,882	8,068	2,829	9,036	400,815
<b>At December 31, 2019</b>					
Cost	475,462	26,442	18,707	69,904	590,515
Accumulated depreciation	(94,580)	(18,374)	(15,878)	(60,868)	(189,700)
Net book amount	380,882	8,068	2,829	9,036	400,815
<b>Year ended December 31, 2020</b>					
Opening net book amount	380,882	8,068	2,829	9,036	400,815
Additions	–	3,232	–	–	3,232
Depreciation charge (Note 14)	(8,661)	(2,613)	(1,326)	(2,728)	(15,328)
Closing net book amount	372,221	8,687	1,503	6,308	388,719
<b>At December 31, 2020</b>					
Cost	475,462	29,674	18,707	69,904	593,747
Accumulated depreciation	(103,241)	(20,987)	(17,204)	(63,596)	(205,028)
Net book amount	372,221	8,687	1,503	6,308	388,719

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

Notes to Financial Statements

For the year ended December 31, 2020

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## 9 Intangible assets

	<b>Software, licenses and websites \$</b>
<b>At December 31, 2018</b>	
Cost	49,924
Accumulated amortization	<u>(28,407)</u>
Net book amount	<u>21,517</u>
<b>Year ended December 31, 2019</b>	
Opening net book amount	21,517
Amortization (Note 14)	<u>(12,481)</u>
Closing net book amount	<u>9,036</u>
<b>At December 31, 2019</b>	
Cost	49,924
Accumulated amortization	<u>(40,888)</u>
Net book amount	<u>9,036</u>
<b>Year ended December 31, 2020</b>	
Opening net book amount	9,036
Amortization (Note 14)	<u>(9,036)</u>
Closing net book amount	<u>—</u>
<b>At December 31, 2020</b>	
Cost	49,924
Accumulated amortization	<u>(49,924)</u>
Net book amount	<u>—</u>

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

Notes to Financial Statements

For the year ended December 31, 2020

## 10 Borrowings

	2020 \$	2019 \$
<b>Current</b>		
Bank borrowings	<u>31,120</u>	31,120
<b>Non-current</b>		
Bank borrowings	<u>69,501</u>	84,759
<b>Total borrowings</b>	<u><b>100,621</b></u>	115,879

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:

	2020 \$	2019 \$
Between 1 and 2 years	34,413	34,413
Between 2 and 5 years	<u>35,088</u>	<u>50,346</u>
	<u><b>69,501</b></u>	<u>84,759</u>

Finance cost incurred in 2020 amounted to \$5,491 (2019 - \$13,275). The weighted average effective interest rate at the balance sheet date was 10% in 2020 (2019 - 10%).

## 11 Accruals and other payables

	2020 \$	2019 \$
Accrued expenses	169,162	160,629
Other payables	<u>168,807</u>	<u>197,465</u>
	<u><b>337,969</b></u>	<u>358,094</u>

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

Notes to Financial Statements

For the year ended December 31, 2020

## 12 Due to rights owners

	2020 \$	2019 \$
At beginning of year	2,955,348	3,116,606
Foreign distribution received for rights owners	90,760	
Distributable (loss)/income to rights owners	<u>(538,783)</u>	371,460
	2,507,325	3,488,066
Less: benevolents fund	(3,000)	–
Less: distribution to rights owners	<u>(610,461)</u>	(532,718)
At end of year	<u>1,893,864</u>	2,955,348

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.

## 13 Royalties

	2020 \$	2019 \$
General	280,881	916,902
Live events	211,019	466,273
Broadcasting	<u>99,994</u>	208,134
	<u>591,894</u>	1,591,309

The revenue is attributed to the member territories as follows:

	2020 \$	2019 \$
St. Lucia	265,677	906,073
St. Kitts	18,254	188,827
Antigua	108,576	275,560
St. Vincent and the Grenadines	3,763	20,057
Dominica	167,179	160,744
Grenada	<u>28,445</u>	40,048
	<u>591,894</u>	1,591,309

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

Notes to Financial Statements

For the year ended December 31, 2020

## 14 Administrative and general expenses

	2020 \$	2019 \$
Agents fees and commissions	76,794	125,215
BMAT licensing system fee	39,189	44,079
Utilities	28,662	31,670
Taxes and licenses	27,788	28,756
ACCS subscriptions	27,169	83,654
Depreciation and amortization (Notes 8, 9)	24,364	30,430
Printing, postage and office supplies	18,872	22,896
Audit and accounting fees	16,000	24,750
Director's fees	12,900	13,080
COSIS subscription	10,596	10,596
Bank charges	10,575	9,737
Promotion and advertising	9,433	27,865
Expenses for meetings	9,053	51,301
CISAC/SUISA subscriptions	8,074	4,576
Travel and entertainment	6,826	82,833
Office repairs and maintenance	6,137	4,658
Security Services	4,370	-
Insurance	3,365	4,793
Dues and subscriptions	2,772	2,382
COVID 19 relief	2,563	-
Membership fees	1,396	1,583
Training expenses	-	8,894
Atkisoft subscriptions	-	4,075
Other expenses	10,232	25,062
	<b>357,130</b>	<b>642,885</b>

## 15 Employee benefit expense

	2020 \$	2019 \$
Salaries and wages	268,312	295,605
Social security cost	11,604	13,898
Pension and medical	2,985	1,200
Other staff benefits	195	3,537
	<b>283,096</b>	<b>314,241</b>

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

Notes to Financial Statements

For the year ended December 31, 2020

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## 16 Other income

	2020 \$	2019 \$
Interest income	–	10,455
Miscellaneous income	218	800
	<u>218</u>	<u>11,255</u>

## 17 Other matters

On March 11, 2020, the World Health Organisation declared the COVID-19 to be a pandemic. The pandemic has resulted in a significant downturn in commercial activity around the world. There is currently no cure, and the means most recommended to manage contagion is social distancing. This has resulted in several countries embarking on varying degrees of lock-down, closure of borders and travel bans. Global travel restrictions have been implemented, all of which will have negative global economic consequences.

The Company has been exposed to the effects of the COVID-19 on the economic downturn resulting from the varying degrees of lock-downs from March 23, 2020. The Company has not been able to quantify the full impact of the foregoing on its financial results at the time of reporting due to the unpredictable nature of the ongoing situation and the timing.



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