



Protecting Music Rights



ANNUAL REPORT 2019



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ECCO PROFILE

The Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc. is a society of writers & publishers of music. Through reciprocal agreements with Collective Management Organisations (CMOs), throughout the world (also called 'societies'), ECCO represents and can license virtually the whole worldwide repertoire of copyright music for public performance, broadcast, cable transmission, online and mobile use. In addition ECCO will also license mechanical reproduction on behalf of writer and publisher members and is planning to perform similar tasks for the related rights of producers and performers of sound recordings with respect to the right of equitable remuneration when recordings are used in broadcasts and/or public performances directly or indirectly.

In answering the call for representation from creators in the other Eastern Caribbean countries and to address: (a) changing macro-economic environment, (b) changes in the regional music industry and (c) to ensure competitiveness and sustainability of the Caribbean Copyright Link (CCL) now the Association of Caribbean Copyright Societies (ACCS), - CCL presented the Performing Right Society (PRS) with a business case calling for the release of the Eastern Caribbean Territories to a single entity. PRS agreed to transfer the rights for the administration of the international repertoire within the Eastern Caribbean to HMS (the only established society existing in the Eastern Caribbean) with effect from 1st January 2009.

ECCO was originally known as the Hewanorra Musical Society (HMS) Inc. which was the national society for St. Lucia. Following a series of consultation with creators throughout the region and with the agreement of HMS members in St. Lucia, the name of the society was changed to the Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc., reflecting its regional make-up. Similarly, the composition of the HMS Board was changed to ensure broader representation from Eastern Caribbean States. In addition, the mandate of the society was increased to include the administration of rights for performers and producers of sound recordings alongside that of writers and publishers.

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. ECCO is a non-profit making organisation. Having recovered its running costs it pays the remaining money collected to the members identified on logs supplied by the radio stations and data collected from major events. ECCO also collects royalties from around the world for its members through reciprocal agreements with other CMO's overseas. Member states of ECCO consist of: Anguilla, Antigua & Barbuda, British Virgin Isles, Commonwealth of Dominica, Grenada, Montserrat, St Kitts & Nevis, Saint Lucia and St. Vincent and the Grenadines.



4 August, 2020

CHANGE OF DATE FOR ANNUAL GENERAL MEETING

Notice is hereby given that the 10th Annual General Meeting of the Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc. scheduled for Saturday 8th August, 2020 has been postponed. The new date for the AGM is now Saturday 22nd August 2020 at 10am at the Finance Administrative Building, Pointe Seraphine, Castries, St. Lucia and via an online platform, (a link will be sent after registration) for the following purposes:

1. Reading and approval of the Minutes of the 2019 Annual General Meeting of the Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc. held Saturday 6th April, 2019 at the Finance Administrative Building, Point Seraphine, Castries, Saint Lucia
2. Adoption/Confirmation of Reports:
 - a) Chairman of the Board
 - b) Chief Executive Officer
3. Audited Financial Statements for the year ended 31st December 2018
4. Any other business
5. Election of Directors
 - a) One (1) Director – Grenada
 - b) Three (3) Writer Directors - St. Lucia
 - c) One (1) Publisher Directors - St. Lucia
6. Adjournment

Nomination forms for Directors must be deposited at the ECCO Office at Julian Charles Road, Sans Soucis, Castries, not later than 10.00 a.m. on Wednesday 19th August, 2020. Please note that the nomination form must be signed by a writer or publisher member, and be signed by the nominee indicating his/her willingness to be elected.

Any member who is unable to be present at the meeting and wishes an authorised person to act as the member's proxy must deposit a proxy form at the ECCO Office at Julian Charles Road, Sans Soucis, Castries, not later than 10.00 a.m. on Thursday 20th August, 2020.

By order of the Board: -

EASTERN CARIBBEAN COLLECTIVE ORGANISATION FOR MUSIC RIGHTS (ECCO) INC.

Member of
CISAC (The
International
Confederation
of Authors and
Composers
Societies)
since 2004

Head Office Address

P.O. Box CP5380
Julian Charles Road, Sans Souci, Castries St. Lucia
Tel: (758) 451 6436 / 452 6102 or 285 0404



@ECCO Inc



@eccorights

ECCO Territories:

Anguilla 🎵 Antigua & Barbuda
British Virgin Islands 🎵 Commonwealth of Dominica
Grenada 🎵 Montserrat 🎵 St Lucia 🎵 St Kitts & Nevis
St Vincent & The Grenadines



STANDING ORDERS

1. A Member shall stand and state his/her name when addressing the Chair;
2. Speeches shall be clear and relevant to the subject before the meeting.
3. A member shall address the meeting when recognized or called upon by the Chairperson to do so, after which, he shall immediately take his seat.
4. No member shall address the meeting except through the chairperson.
5. A member shall not speak twice on the same subject, except:
 - a) The mover or motion who has the right to reply;
 - b) The Member rises to object or to explain any matter (with the permission of the chair).
6. Member shall state their name when moving and seconding a motion before the meeting.
7. No speeches shall be made after the "Question" has been put to the meeting.
8. A member rising on a "Point Of Order" Shall state the point clearly and concisely. (A point of order must be of relevance to the Standing Orders.)
9. A Member shall not "call" another member to order.
 - a) A member may draw the attention of the chair to a "breach of order".
 - b) On no account can a member call a chair 'to order'.
10. Only one amendment shall be before the meeting at one and the same time.
11. When a motion is withdrawn, an announcement to it fails.
12. The Chairperson shall have the right to a 'casting vote.'
13. If there is an equality of voting on amendment, and if the chairperson does not exercise his casting vote, the amendment is lost.
14. Provision shall be made for protection by the chairperson for vilification (personal abuse) among members.
15. No member shall impute improper motives against another.

BOARD OF DIRECTORS REPORT



Vernalderine Francis

A MESSAGE FROM THE CHAIR

I take this opportunity to encourage our members not to lose hope, but rather to continue to channel your energies into creating great music with the expectation that normality will return in the not-too-distant future. I wish you and your loved ones strength and hope that you are staying healthy, safe and finding ways to cope with the hardship and disruption of this COVID-19 crisis which is affecting every aspect of society.

The effects of COVID-19 is new to all professionals and this has caused everyone to shift their focus on how to respond to the imminent threat. This pandemic has caused governments in the Region to shut down and close certain sectors in an effort to mitigate transmission in their various communities. These actions of course have ripple effects.

With the closure of the entertainment and hospitality industry, we know that many of our members are struggling with both the health and economic consequences of this pandemic. Like most businesses, ECCO had to close its doors during the periods of shutdown and although our doors were closed staff continued to work remotely during this period.

Despite these challenges, ECCO would like to assure you that we continue to do everything possible to safeguard the rights of our members while drawing lessons from the present situation for use in the future.

I must express my admiration for the men and women on the front lines, going above and beyond, working extended hours and sacrificing their time with their families in order to fight this battle. To Creatives, the world is facing life and death challenges and your music has never been needed more. Allow this landscape to provide seeds for future songs, it's what we do.

I would like to see ECCO develop in the not too distant future as a means of creating the environment to connect you with your peers from our sister societies, to offer you resources and advocate on your behalf. ECCO, representing nine territories, can epitomize the term 'there is strength in numbers', just imagine the power of hundreds or even thousands of music creators. Together we can achieve so much.

We will get through these challenging times and bounce back stronger than ever, and even perhaps with a renewed perspective of what is important in life. Keep writing, keep creating, keep giving the world hope.

BOARD OF DIRECTORS

Vernalderine Francis
Chair

St. Kitts & Nevis

Ian Sanchez
Vice-Chair

St. Lucia

Linda Berthier
Secretary

St. Lucia

Melissa Moses
Assistant Secretary

St. Lucia

Buffalo Odlum
Writer Director

St. Lucia

Krishna Lawrence
Writer Director

Dominica

Wayne Green
Writer Director

Grenada

Crispin d'Auvergne
Writer Director

St. Lucia

Courtney Louis
Publisher Director

St. Lucia

Gilroy Hall
Writer Director

St. Lucia

Hugh James
Writer Director

St. Lucia

Lancelot Chapman
Writer Director

**St. Vincent & the
Grenadines**

SUMMARY REPORT

As we report on ECCO's 2019 financials, so many of our members and colleagues are struggling with the consequences of the COVID-19 pandemic and concerned about their health, their families and their future. These are not normal times. Like our colleagues at performing rights societies all over the world, we are working from home and doing everything possible to prepare for the economic downturn caused by the COVID-19 crisis. ECCO began making operational changes and expense cuts in early April 2020 and we are doing everything possible to heighten our collection efforts even during this challenging time when so many of our licensees are either closed or suffering revenue declines.

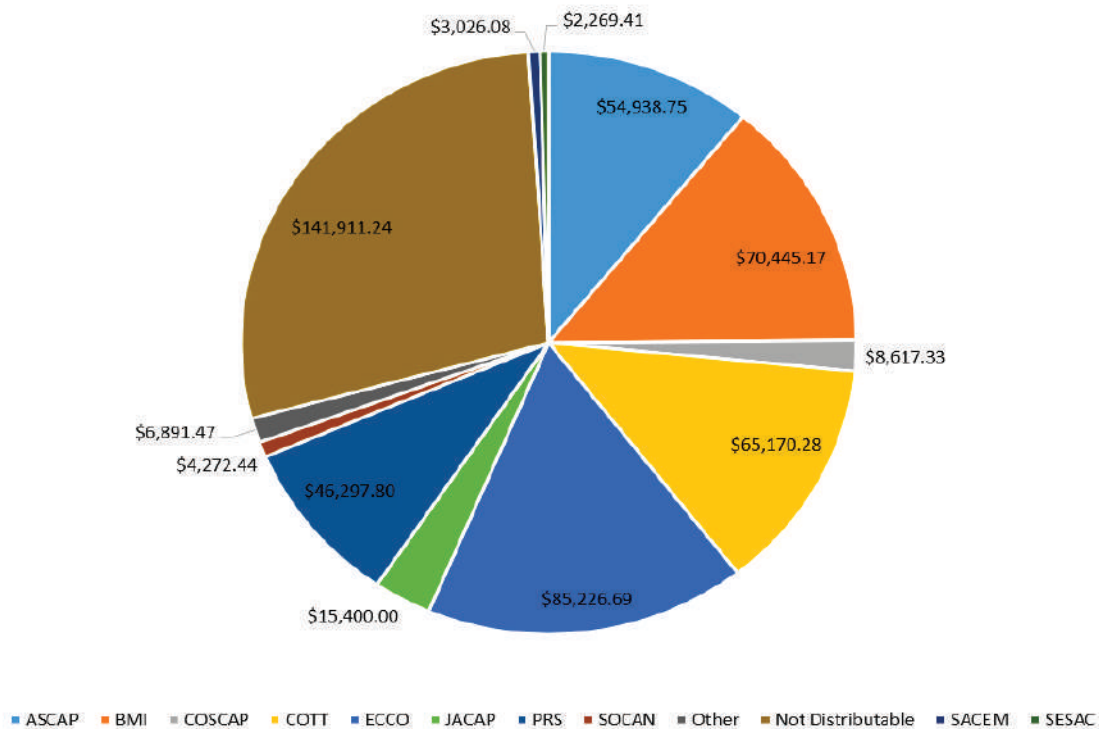
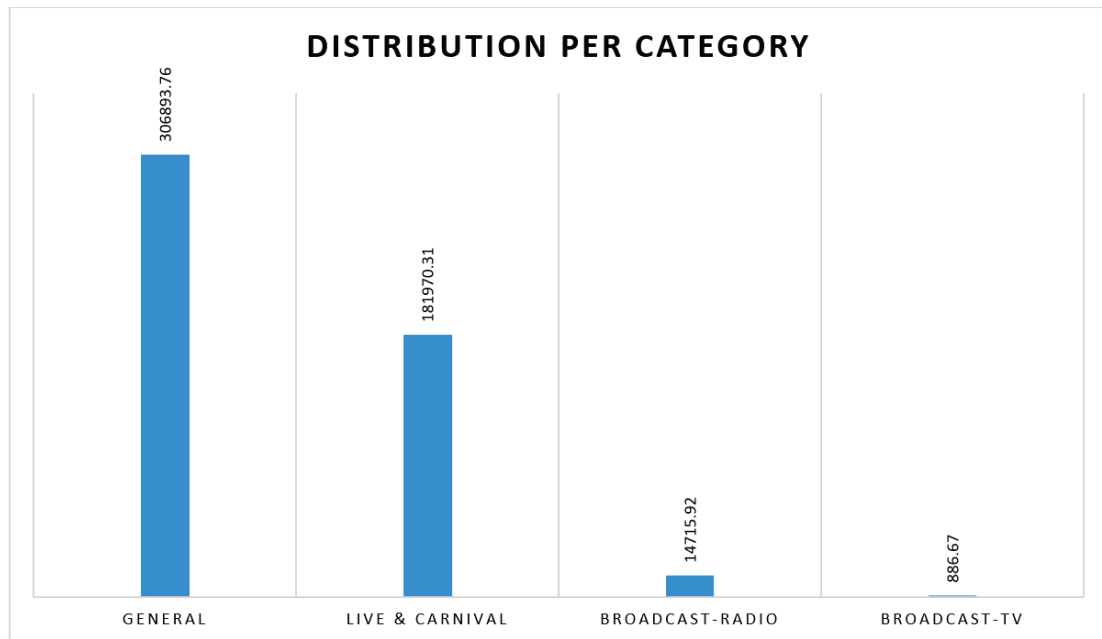
In 2019, ECCO saw a 2% increase in expected revenue collections over 2018, the 2019 audit report is in the appendix of this report.

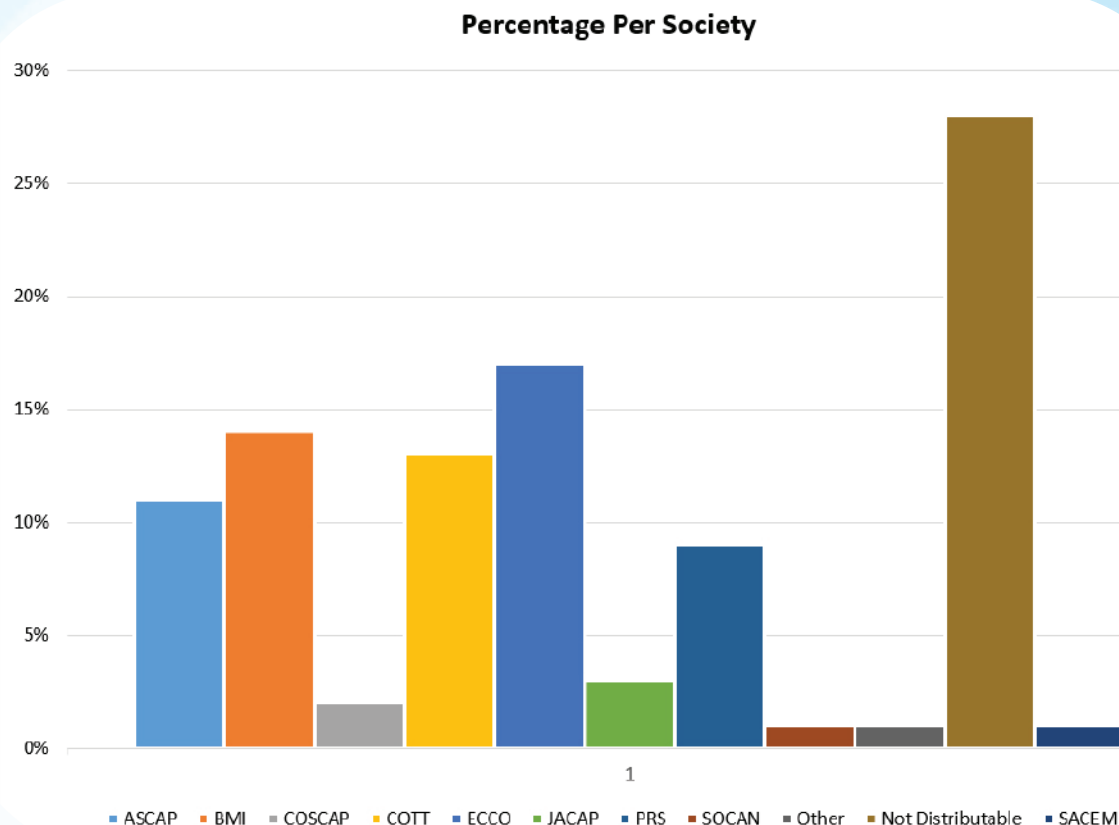
Comparison between 2018 and 2019

	2019 \$	2018 \$
St. Lucia	906,073	981,384
St. Kitts and Nevis	188,827	294,652
Antigua and Barbuda	275,560	179,098
St. Vincent and the Grenadines	20,057	49,796
Dominica	160,744	27,218
Grenada	40,048	27,770
Total	1,591,309	1,559,918

2019 DISTRIBUTION SUMMARY

In 2019 ECCO Inc distributed \$500,000 to its members and affiliated members of sister societies for the period January to December 2018. The categories which formed part of the distribution were Broadcast (Radio & Television), Live & Carnival and General. The results of the distribution can be seen below:





WELCOME NEW MEMBERS

Welcome,

On behalf of the Board of Directors of the Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc. we would like to welcome you to the organisation. We are very pleased to add new members to the organization who can bring new ideas and energy to the Company.

Networking with one another is the most valuable tool in being successful on this musical journey. We hope you will take advantage of the opportunity of serving on volunteer projects and/or committees and even the Board of Directors. We encourage you to contact us with your feedback to help the organization better meet the needs of the membership.

In 2019, ECCO had a total of 38 writers/composers and 1 publisher becoming members of the organization. To all of those who joined us, a warm and heartfelt welcome and we are pleased to introduce you to the rest of the membership:

MARY GREGONA	ALPHONSE
KRYSTA	ANTHONY
MICHAEL RYAN	BISCETTE
FITZGERALD	BOSTON
AUGUSTINE CHARLES	BUTCHER
LEROY DION	BYE
BRENDON	CHARLERY
STACEY	CHARLES
BRANDON BARY	CRANSTOUN
JASON	DARIUS
BERNARD JOSEPH JOHN	DENULLY
SHANNON	DOLCY
DAVE	ESTEVA

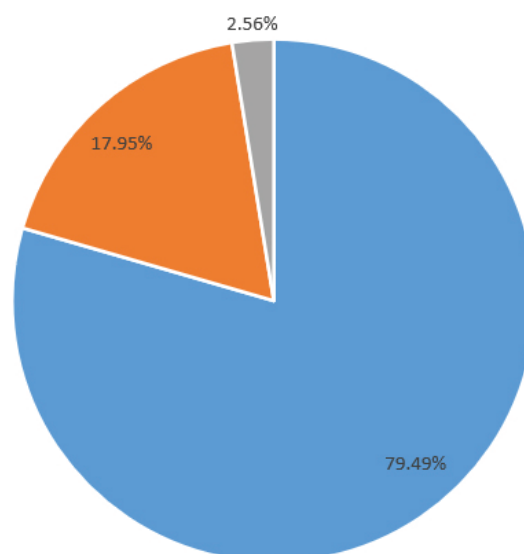
KENAN	FEDEE
KREIG	HARRIS
JAMAL	HENRY
GREGORY NIGEL	HOBSON
KENVILLE KENNOL	HORNE
SHANNE NIA ANDREUILLE	JAMES
YANNICK	JEMMOTT
RASHAAD RONALDO	JOSEPH
KELVIN JUSTINE	KELLEY
JAMAAL	LLOYD
RENESA TIMECIA	LOVENCE
DERYCK HASAN	LUCAS
SHAWN ALPHEUS	MARCELLIN

LEE	MATHURIN
PERCY A.	MATTHEWS
JEARMAL	MAXWELL
CLENT JEFFREY	MITCHELL
SELEANA GEORGIETHA	NANTON
TERROL	NORVILLE
KRAMI JEVORN	O'LOUGHLIN
WAYNE ROHAN	PHILLIP
JERMAL	ST. ROMAIN
GEORGE HENRY	VEIRA
ROGER	WINTER
CARLYN VERNELLA	XAVIER-PHILLIP
ISLAND OF BIRTH INC	

NEW MEMBER ANALYSIS

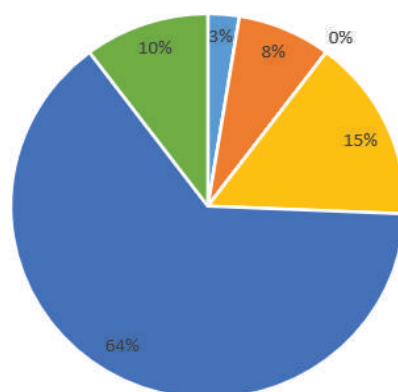
Gender

Percentage



Territory

Percentage



■ Antigua & Barbuda ■ Dominica ■ Grenada ■ St. Kitts and Nevis ■ St. Lucia ■ St. Vincent & the Grenadines

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

Financial Statements

December 31, 2019

(expressed in Eastern Caribbean dollars)

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

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May __, 2021

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, 2019 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, 2019, 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:

- 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.

Chartered Accountants

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

Statement of Financial Position
As of December 31, 2019

(expressed in Eastern Caribbean dollars)

	2019 \$	2018 \$
Assets		
Current assets		
Cash (Note 4)	2,721,989	3,046,754
Trade and other receivables (Note 6)	917,333	549,441
Due from related party (Note 7)	5,682	5,682
Other asset	–	43,000
	3,645,004	3,644,877
Property and equipment (Note 8)	400,815	410,028
Intangible assets (Note 9)	9,036	21,517
Total assets	4,054,855	4,076,422
Liabilities		
Current liabilities		
Borrowings (Note 10)	31,120	28,201
Accruals and other payables (Note 11)	358,094	295,520
Deferred revenue	122,520	55,487
Due to rights owners (Note 12)	2,955,348	3,116,606
	3,467,082	3,495,814
Borrowings (Note 10)	84,759	115,900
Total liabilities	3,551,841	3,611,714
Equity		
Reserve fund	503,014	464,708
Total liabilities and equity	4,054,855	4,076,422

Approved by the Board of Directors on May __, 2021

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, 2019

(expressed in Eastern Caribbean dollars)

	2019 \$	2018 \$
Income		
Royalties (Note 13)	1,591,309	1,559,918
Registration fees	7,500	7,800
	1,598,809	1,567,718
Administrative and general expenses (Note 14)	(872,646)	(835,635)
Staff costs (Note 15)	(314,242)	(202,304)
Disposal of property, plant and equipment	(135)	(7,515)
Other income (Note 16)	11,255	8,749
Surplus before finance cost	423,041	531,013
Finance cost (Note 10)	(13,275)	(15,979)
Net comprehensive income	409,766	515,034
Attributable to:		
Net distributable comprehensive income	391,011	498,485
Other income not included in distributable reserves	18,755	16,549
Net comprehensive income	409,766	515,034

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, 2019

(expressed in Eastern Caribbean dollars)

	2019 \$	2018 \$
Distributable reserve		
Net distributable comprehensive income for the year	<u>391,011</u>	498,485
Appropriations to reserve fund –		
5% of net distributable comprehensive income	(19,551)	(24,924)
Distributable income to rights owners (Note 12)	<u>(371,460)</u>	(473,561)
At end of year	<u>–</u>	–
Reserve fund		
At beginning of year	464,708	423,235
Appropriation from distributable reserve –		
5% of net distributable comprehensive income	19,551	24,924
Other income not included in distributable comprehensive income	<u>18,755</u>	16,549
At end of year	<u>503,014</u>	464,708
Equity, end of year	<u>503,014</u>	464,708

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, 2019

(expressed in Eastern Caribbean dollars)

	2019 \$	2018 \$
Cash flows from operating activities		
Net income for the year	409,766	515,034
Adjustments for:		
Interest expense (Note 10)	13,275	15,979
Bad debts expense	114,184	—
Depreciation and amortization (Notes 8, 9 and 14)	30,430	33,607
Loss on disposal of property, plant and equipment	135	7,515
Interest income (Note 16)	(10,455)	(8,716)
Provision for impairment of investment securities (Notes 5 and 14)	—	8,716
Operating profit before working capital changes	557,335	572,135
(Increase)/decrease in receivables and prepayments	(482,076)	145,129
Decrease in other asset	43,000	—
Decrease in due from related party	—	12,963
Increase in accruals and other payables	62,574	118,735
Increase/(decrease) in deferred revenue	67,033	(2,894)
Net cash provided by operating activities	247,866	846,068
Cash flows from investing activities		
Purchase of property and equipment (Note 8)	(8,871)	(5,133)
Interest received	10,455	—
Net cash used in investing activities	1,584	(5,133)
Cash flows from financing activities		
Distributions to rights owners	(532,718)	(583,250)
Interest paid	(13,275)	(15,979)
Repayment of borrowings	(28,222)	(25,518)
Net cash used in financing activities	(574,215)	(624,747)
Net (decrease)/increase in cash	(324,765)	216,188
Cash, beginning of year	3,046,754	2,830,566
Cash, end of year (Note 4)	2,721,989	3,046,754

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
December 31, 2019

(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 Company adopted International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) for the financial year beginning January 1, 2019. 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
December 31, 2019

(expressed in Eastern Caribbean dollars)

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
December 31, 2019

(expressed in Eastern Caribbean dollars)

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
December 31, 2019

(expressed in Eastern Caribbean dollars)

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

December 31, 2019

(expressed in Eastern Caribbean dollars)

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.

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

Notes to Financial Statements
December 31, 2019

(expressed in Eastern Caribbean dollars)

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.

4 Cash

	2019 \$	2018 \$
Cash at bank and on hand	2,659,349	2,984,114
Restricted cash (Note 10)	62,640	62,640
	<u>2,721,989</u>	<u>3,046,754</u>

5 Investment securities

	2019 \$	2018 \$
Debt securities		
Unlisted investment securities	192,406	202,406
Less: provision for impairment of investment securities	(192,406)	(202,406)
	<u>—</u>	<u>—</u>

The weighted average effective interest rate on debt securities is 4.5% (2018 - 4.5%) per annum. This investment with CLICO International Life Insurance Limited matured on December 22, 2009. This investment has been fully provided for.

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

Notes to Financial Statements
December 31, 2019

(expressed in Eastern Caribbean dollars)

6 Trade and other receivables

	2019 \$	2018 \$
Trade receivables	952,424	555,727
Less: Provision for impairment of receivables	(55,235)	(75,473)
	897,189	480,254
Staff loans and advances	—	58,949
Prepayments	14,348	7,831
Other receivables	5,796	2,407
	917,333	549,441

The fair value of receivables approximates the carrying values at December 31, 2019 and 2018, 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

December 31, 2019

(expressed in Eastern Caribbean dollars)

7 Related party balances and transactions

	2019 \$	2018 \$
Due from related party		
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 directors and senior management of the Company.

Compensation of key management personnel were as follows:

	2019 \$	2018 \$
Salaries and wages	156,000	57,500
Social security costs	5,700	2,525
Pension and medical benefits	505	505
Other benefits	<u>6,000</u>	<u>1,000</u>
	<u>168,205</u>	<u>61,530</u>

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

Notes to Financial Statements
December 31, 2019

(expressed in Eastern Caribbean dollars)

8 Property and equipment

	Land and Building \$	Computers \$	Office Furniture \$	Office Equipment \$	Total \$
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 value	398,204	16,912	8,062	10,358	433,536
Year ended December 31, 2018					
Opening net book amount	398,204	16,912	8,062	10,358	433,536
Additions	–	3,540	–	1,593	5,133
Disposals, net	–	(7,025)	(490)	–	(7,515)
Depreciation charge (Note 14)	(8,661)	(4,930)	(3,169)	(4,366)	(21,126)
Closing net book amount	389,543	8,497	4,403	7,583	410,028
At December 31, 2018					
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 amount	389,543	8,497	4,403	7,585	410,028
Year ended December 31, 2019					
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
At December 31, 2019					
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

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

Notes to Financial Statements
December 31, 2019

(expressed in Eastern Caribbean dollars)

9 Intangible assets

	Software, licenses and websites \$
At December 31, 2017	
Cost	49,924
Accumulated amortization	(15,926)
Net book amount	<u>33,998</u>
Year ended December 31, 2018	
Opening net book amount	33,998
Amortization (Note 14)	(12,481)
Closing net book amount	<u>21,517</u>
At December 31, 2018	
Cost	49,924
Accumulated amortization	(28,407)
Net book amount	<u>21,517</u>
Year ended December 31, 2019	
Opening net book amount	21,517
Amortization (Note 14)	(12,481)
Closing net book amount	<u>9,036</u>
At December 31, 2019	
Cost	49,924
Accumulated amortization	(40,888)
Net book amount	<u>9,036</u>

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

Notes to Financial Statements
December 31, 2019

(expressed in Eastern Caribbean dollars)

10 Borrowings

	2019 \$	2018 \$
Current		
Bank borrowings	31,120	28,201
Non-current		
Bank borrowings	84,759	115,900
Total borrowings	115,879	144,101

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:

	2019 \$	2018 \$
Between 1 and 2 years	34,413	31,120
Between 2 and 5 years	50,346	84,780
	84,759	115,900

Finance cost incurred in 2019 amounted to \$13,275 (2018 - \$15,979). The weighted average effective interest rate at the balance sheet date was 10% in 2019 (2018 - 10%).

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

Notes to Financial Statements
December 31, 2019

(expressed in Eastern Caribbean dollars)

11 Accruals and other payables

	2019 \$	2018 \$
Accrued expenses	160,629	44,605
Other payables	197,465	250,915
	<u>358,094</u>	<u>295,520</u>

12 Due to rights owners

	2019 \$	2018 \$
At beginning of year	3,116,606	3,226,295
Distributable income to rights owners	371,460	473,561
	<u>3,488,066</u>	<u>3,669,856</u>
Less: distribution to rights owners	(532,718)	(583,250)
At end of year	<u>2,955,348</u>	<u>3,116,606</u>

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

	2019 \$	2018 \$
General	916,902	998,863
Live events	466,273	363,836
Broadcasting	208,134	197,219
	<u>1,591,309</u>	<u>1,559,918</u>

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

Notes to Financial Statements

December 31, 2019

(expressed in Eastern Caribbean dollars)

13 Royalties ...continued

The revenue is attributed to the member territories as follows:

	2019 \$	2018 \$
St. Lucia	906,073	981,384
St. Kitts	188,827	294,652
Antigua	275,560	179,098
St. Vincent and the Grenadines	20,057	49,796
Dominica	160,744	27,218
Grenada	40,048	27,770
	1,591,309	1,559,918

14 Administrative and general expenses

	2019 \$	2018 \$
Agents fees and commissions	125,215	90,452
Legal and professional fees	115,577	122,026
Bad debts expense/written off	114,184	75,473
ACCS subscriptions	83,654	102,088
Travel and entertainment	82,833	81,428
Expenses for meetings	51,301	14,287
BMAT licensing system fee	44,079	44,079
Utilities	31,670	34,824
Depreciation and amortization (Notes 8, 9)	30,430	33,607
Taxes and licenses	28,756	52,233
Promotion and advertising	27,865	12,646
Audit and accounting fees	24,750	19,635
Printing, postage and office supplies	22,896	12,704
Director's fees	13,080	13,500
Bank charges	9,737	6,249
Training expenses	8,894	3,935
Insurance	4,793	4,667
Office repairs and maintenance	4,658	5,640
CISAC/SUISA subscriptions	4,576	43,361
Atkisoft subscriptions	4,075	3,260
Membership fees	1,583	2,250
Impairment of investment securities	—	8,716
Other expenses	38,040	48,575
	872,646	835,635

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

Notes to Financial Statements
December 31, 2019

(expressed in Eastern Caribbean dollars)

15 Employee benefit expense

	2019 \$	2018 \$
Salaries and wages	295,605	186,267
Social security cost	13,898	9,843
Pension and medical	1,200	1,200
Other staff benefits	3,538	4,994
	314,241	202,304

16 Other income

	2019 \$	2018 \$
Interest income	10,000	8,716
Miscellaneous income	1,255	33
	11,255	8,749

17 Subsequent events

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.

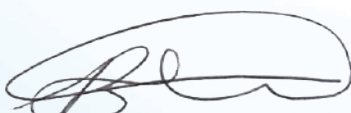
Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.

Statement of Financial Position
As of December 31, 2019

(expressed in Eastern Caribbean dollars)

	2019 \$	2018 \$
Assets		
Current assets		
Cash (Note 4)	2,721,989	3,046,754
Trade and other receivables (Note 6)	917,333	549,441
Due from related party (Note 7)	5,682	5,682
Other asset	—	43,000
	3,645,004	3,644,877
Property and equipment (Note 8)	400,815	410,028
Intangible assets (Note 9)	9,036	21,517
Total assets	4,054,855	4,076,422
Liabilities		
Current liabilities		
Borrowings (Note 10)	31,120	28,201
Accruals and other payables (Note 11)	358,094	295,520
Deferred revenue	122,520	55,487
Due to rights owners (Note 12)	2,955,348	3,116,606
	3,467,082	3,495,814
Borrowings (Note 10)	84,759	115,900
Total liabilities	3,551,841	3,611,714
Equity		
Reserve fund	503,014	464,708
Total liabilities and equity	4,054,855	4,076,422

Approved by the Board of Directors on May 18, 2021



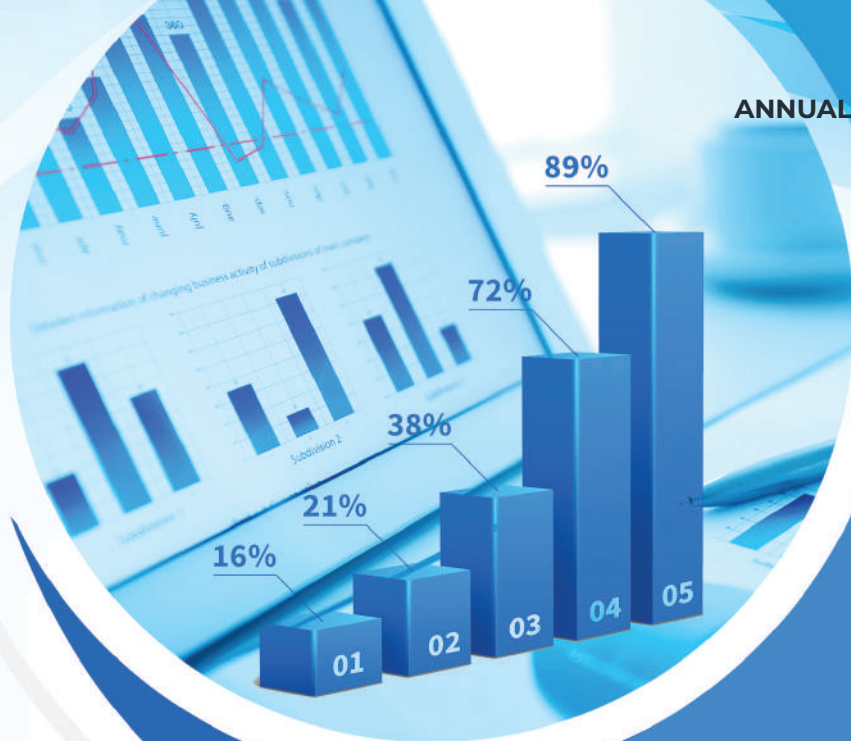
Linda Berthier Director



Eustace Crispin d'Auvergne Director

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

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