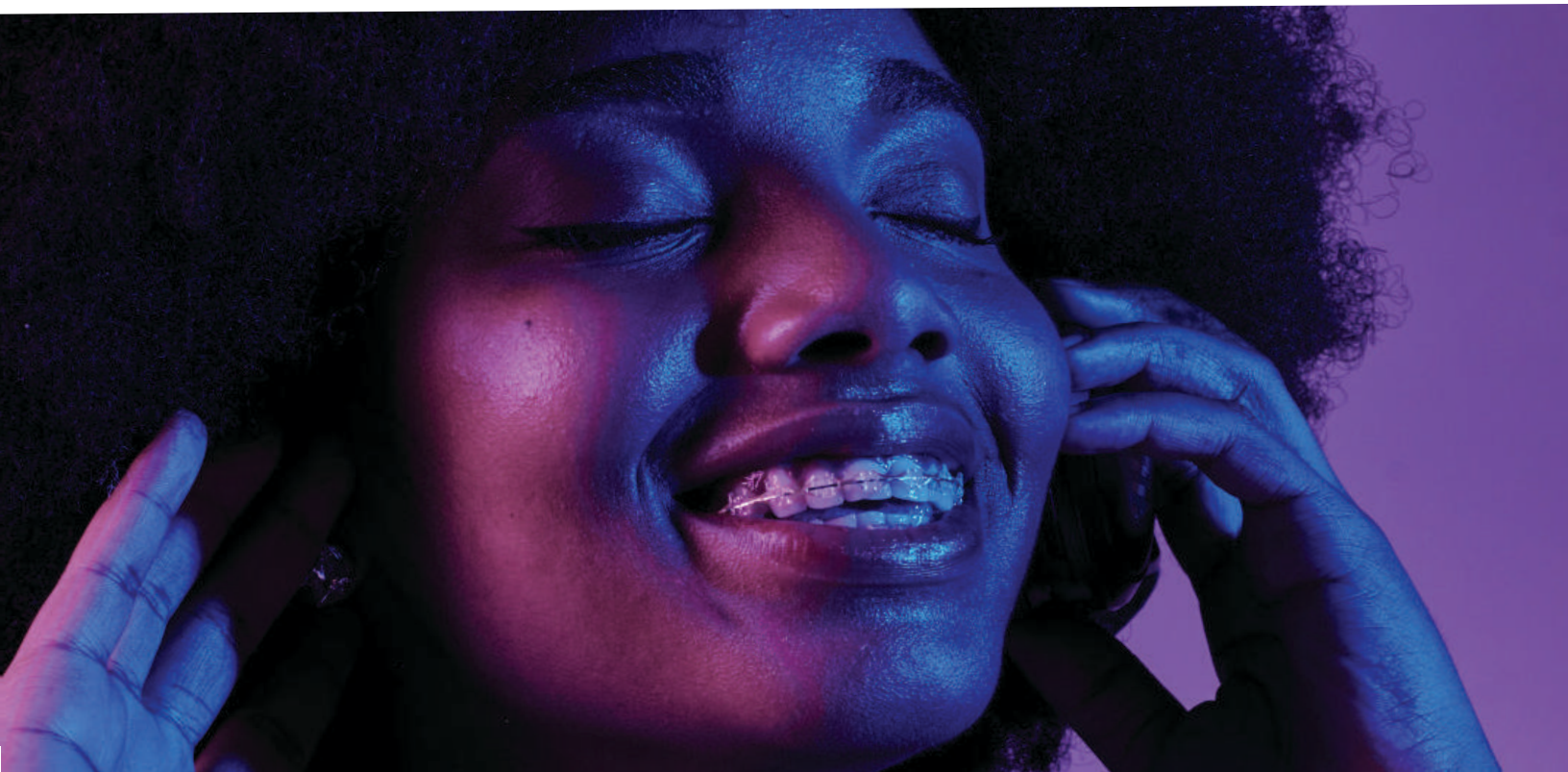




ANNUAL REPORT 2023

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COMPANY OVERVIEW

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.

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.

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.

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. ■

CHAIRMAN'S ADDRESS



**DAVID JORDAN,
CHAIRMAN OF ECCO INC.**

Having charted a course under the theme, **“Let Us Do It Right”**, the **Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.**, has survived another year. The organization encountered many challenges both within and without in the quest for its stabilization. **ECCO** has not succumbed to defeat but rather, in weathering the many storms, it has grown to become more resilient.

The accomplishments under the tenure of the **2022 - 2024 Board of Directors** have been fewer than we had hoped for. Among other things, **ECCO** has experienced staff changes as well as delays in the implementation of critical activities inclusive of **WIPO Connect**. Many of these delays may be considered as being beyond the organisation's control.

It is also worth noting that, while the COVID-19 pandemic is well behind us, some things have not yet returned to normal and others have been stabilized at a “new normal.”

GOVERNANCE

When the Board assumed office and I, as its Chair, at the end of **December 2021**, we inherited a backlog of: **(i) Corporate Registrar Filings** in all territories – excluding St Lucia, **(ii) Annual Audited Financial Statements** dating back to **2020**. **(iii) Board Minutes** – Steps were taken immediately by the Board to address the backlog. At this time, the Board is in a position to announce **(i) corporate filings are up to date; (ii) the distribution of 2019 royalties for live events were made in January 2023**, and **(iii) the annual audit for 2023 is complete**. We all agree that keeping the financial reporting up to date, as you will imagine, is greatly important as an organization such as **ECCO** in keeping with its fiduciary responsibility.

MANAGEMENT

Notwithstanding the challenges and disappointments, notable progress has been made, in several areas. With respect to internal operations, in particular, the **Human Resource Management**, an important milestone was achieved with the appointment of a **Chief Executive Officer** to fill a post which remained vacant for some time. This allowed for more stable day-to-day management of the **ECCO** office ever since **May 2023** and hopefully, for greater attention to be paid to **strategic planning, programming, budgeting**, and **capacity building** within **ECCO** and for the benefit of the membership.

(continued) ■ ■ ■



The Board also recently approved appointments, with a new **Operations Manager, Accounts and Distribution Officer**, and an **Accounts Clerk**. The absence of the latter had long been identified, in successive annual audits as a gap to be filled in order to ensure the separation of the accounting duties. The areas of Licensing and Membership functions will now need to be addressed in accordance with **ECCO's** mandate.

At this time, and on behalf of the Board, I wish to thank the members of staff who kept the office afloat, in the absence of a **CEO** and who held various acting positions while steps were being taken to stabilize the operations of the organisation.

EGM 2023

Members you will recall that, at the last **Extraordinary General Meeting (EGM)** held in **October 2023**, we approved the **audit services** of **Grant Thornton** for another three years; also approved the need for a **Legislative and Regulatory Agenda** for **ECCO**. The EGM also received and approved an **Engineer's Report** on the status and options for the **ECCO** building at Sans Souci. The building has been experiencing severe cracking to the extent that there was fear for the safety of staff members. Fortunately, the office has been safely relocated to another building in Sans Souci effective **January 2024**, and steps are being taken to address the issues at our building; even while options are being considered for the medium-to-long term.

FINANCIAL STATUS

As previously indicated, the financial reporting is now up to date and this has provided a clearer picture of the financial status of the organisation.

Due to the total absence of licensable performances arising from the **COVID-19 pandemic, 2020** turned out to be a year of financial loss for the organisation. However, in **2021, 2022** and **2023**, **ECCO** recorded net surpluses and, as a result, the organisation has found itself in a position where it can issue royalty payments for those years. Indeed, I am pleased to announce that these payments will start to be issued promptly and continue in accordance with our mandate.

In the last several months, the Board of Directors sought to work with Management, to adopt a more strategic and long-term approach to **ECCO's** growth and development. This is critical in a world where even the methods of accessing and consuming music are changing dramatically. When **ECCO** started its operations, Compact Discs (CDs) were still popular. Today, streaming is the norm and silent fetes are becoming increasingly popular and more than **60%** of the consumption of music by users is internet driven.

A NEW THEME

Some of the key considerations for a strategic vision for **ECCO** under the new theme **"The Future of Intellectual Property Rights and Culture Supporting and Empowering Creators,"** are to my view, ought to be:

a) Increasing licensing and revenue collection to realize greater benefits for our members, while addressing the new forms of music consumption and for us to improve the monitoring and compliance measures. It will also be critical that all **ECCO** territories generate revenue at a level that ensures some degree of equity between them for the interest of members in the respective territories.



b) Enhancing internal operations of ECCO so as to improve our system, among others, in areas of **Accountability, Efficiency, Policies and Transparency** for the benefit of members, and to place **ECCO** on par with, or even better than the other **Collective Management Organizations (CMOs)** in the region.

c) Continuing to work on advancing the Legislative Agenda and Regulatory framework which embody the mandate of **ECCO** and address the areas in the music industry which are identified for future development, thus making our organisation more relevant in a modern day to serve the membership more meaningfully. Work has started on this but has not progressed far enough.

d) Enhancing the engagement, outreach and collaboration with the membership – the music creators, music users and key stakeholders including the **Governments and Broadcasting Corporations, of the sub-region in support of the aforementioned objectives**. This ensures that all concerned are sufficiently well informed, educated and the collective scope of the mindsets broadened to enable greater monetary rewards and empowerment of our membership.

ECCO has grown in many ways over the years and will continue to do so if properly nurtured. To realize the greatest success, we as **music creators, publishers, agents, office staff and Directors** must all work towards a common goal.

I implore therefore, that the membership not only ensures our intellectual property is protected, and that while fervently guarding the collection and distribution of our royalty payments, that we also work towards improving our standing as a **CMO** in the sub-region.

It is my hope that, by the next **ECCO Annual General Meeting**, our treasured organisation will be well on the way to becoming the model **Collective Management Organisation (CMO)** in the Caribbean.

ECCO, Protecting Music Rights! ■

*Thank you,
David Jordan
Chairman*

CEO'S ADDRESS



**MARTIN A. JAMES,
CEO OF ECCO INC.**

As we reflect on the past year and the period under review, it is evident that **ECCO** has undergone a transformative journey, marked by renewed commitment, strategic initiatives, tenacity, and relentless dedication to protecting the rights of our musical community.

In **May 2023**, I, **Martin A. James**, assumed the role of CEO, bringing with me a wealth of experience and qualifications to provide leadership and guidance to our esteemed team. One of my immediate priorities was to address administrative concerns, fostering a positive and collaborative environment within our workspace. To reduce our receivables, I engaged in discussions and settlement options with many of our clients who defaulted on payments to **ECCO**.

Throughout the year, we have made concerted efforts to reconnect with our members, users, and stakeholders within the OECS musical community. Meeting our obligations to regional and international affiliates remains a top priority, and we are committed to maintaining full compliance with industry standards and regulations.

The eventuality of **Artificial Intelligence (AI)** is a discussion that cannot be overlooked. **ECCO** is well-positioned to engage in these crucial conversations on behalf of our members, ensuring that we operate effectively within the advanced landscape of copyright law.

There is renewed interest and appreciation for the role of **ECCO** within the OECS region, yet our work is far from complete.

We are actively assessing our approach and modus operandi to improve one of our major duties, licensing and distributing royalties to rights owners. We have witnessed increases in membership, licencing activities, and international agencies seeking partnerships with us, a testament to the improved value of our work.

However, the realities and challenges we face are numerous, necessitating adjustments to our operational strategies. Major legislative reform and harmonisation across all our territories are essential. Membership training and educational activities need to be more consistent and regular to foster members' interest in and understanding of **ECCO's** role in administering their rights.

I am very hopeful that we will re-initiate discussion on related rights, as this is an eventuality that is necessary to increase the economic survival of our members and creators. We are committed to ensuring that all necessary adjustments to our bylaws and tariff parameters are met, to facilitate this very important addition to our operations.

We remain resolute in our pursuit of ensuring the economic growth of our members is sustainable and their rights are fully respected. Our commitment is purposeful in ensuring that the cyclical movement of artistic creation—**the creator, the musical creation, the consumer, the public, the laws, ECCO, and back to the creator** — remains fully functional and appropriate.

I extend my gratitude to the membership and the Board of Directors for their commitment to the mission and vision of **ECCO**. Maintaining our synergies in addressing the road ahead in this ever-evolving musical landscape is necessary. We emphasize improving licensing collection across all our territories, strengthening our legislative operations, enhancing membership engagement, education, benefits, and training, and ensuring that we achieve IT supremacy to facilitate the ease of doing business with **ECCO**.

The partnerships we have built and those we are actively pursuing to secure play a pivotal role in shaping the parameters of success in the best interest of our members.

As we navigate the realms of musical creativity and adapt to the modern realities of streaming and AI, we must remain abreast of all traditional and new tools employed within the industry. **ECCO** must continue to invest time and resources to achieve its mandate and remain a viable option for its members.

I extend my gratitude to my dedicated team of staff for embracing an environment of professionalism and integrity in service to our **members, stakeholders, and the general public**.

I encourage all members to express interest in the governance of the organisation and put themselves forward to serve in realising the mission and vision of **ECCO**.

Constructive criticism can play a far better role in ensuring that we operate above board and within established guidelines.

Thank you for the opportunity to be of service to you, and I pledge my humble and professional commitment to ensuring that **ECCO** remains a sturdy industry leader, relevant, and successful in its operations within the parameters of success.

ECCO, Protecting Music Rights! ■

Thank you,
Martin A. James
CEO

BOARD OF DIRECTORS

DAVID JORDAN
ST. LUCIA
Chairman

VERNALDERINE FRANCIS
ST. KITTS & NEVIS
Vice-Chair

EUSTACE CRISPIN D'AUVERGNE
ST. LUCIA
Secretary

BRUNO LEONCE
ST. LUCIA
Writer Director

KENDELL EUGENE
ST. LUCIA
Writer Director

MELISSA MOSES
ST. LUCIA
Writer Director

NIGEL NICHOLAS
ST. LUCIA
Writer Director

LANCELOT CHAPMAN
ST. VINCENT & THE GRENADINES
Writer Director

VAUGHAN SKERRITT
ANTIGUA & BARBUDA
Writer Director

CARIBIA MUSIC PUBLISHING
ST. LUCIA
Publisher Director

ENTERTAINMENT SOUNDS PRODUCTION LTD.
ST. LUCIA
Publisher Director

VACANCY

Writer Director- **COMMONWEALTH OF DOMINICA**

Writer Director- **GRENADA**

COMMITTEES

FINANCE COMMITTEE

DAVID JORDAN
ST. LUCIA
Chair

BRUNO LEONCE
ST. LUCIA
Writer Director

CARIBIA MUSIC PUBLISHING
ST. LUCIA
Publisher Director

VERNALDERINE FRANCIS
ST. KITTS & NEVIS
Writer Director

(continued) 





MEMBERSHIP COMMITTEE

VERNALDERINE FRANCIS
ST. KITTS & NEVIS
Chair

KENDELL EUGENE
ST. LUCIA
Writer Director

LANCELOT CHAPMAN
ST. VINCENT & THE GRENADINES
Writer Director

NIGEL NICHOLAS
ST. LUCIA
Writer Director



(continued) 



LICENSING COMMITTEE

VERNALDERINE FRANCIS
ST. KITTS & NEVIS
Chair

BRUNO LEONCE
ST. LUCIA
Writer Director

LANCELOT CHAPMAN
ST. VINCENT & THE GRENADINES
Writer Director



(continued) 



HUMAN RESOURCE COMMITTEE

BRUNO LEONCE
ST. LUCIA
Chair

MELISSA MOSES
ST. LUCIA
Writer Director

LANCELOT CHAPMAN
ST. VINCENT & THE GRENADINES
Writer Director

VAUGHAN SKERRITT
ANTIGUA & BARBUDA
Writer Director

VERNALDERINE FRANCIS
ST. KITTS & NEVIS
Writer Director



(continued) 



PUBLIC RELATIONS COMMITTEE

KENDELL EUGENE
ST. LUCIA
Chair

MELISSA MOSES
ST. LUCIA
Writer Director

NIGEL NICHOLAS
ST. LUCIA
Writer Director

VAUGHAN SKERRITT
ANTIGUA & BARBUDA
Writer Director



MANAGEMENT TEAM

MARTIN JAMES
CHIEF EXECUTIVE OFFICER

OPERATIONS MANAGER
VACANT

KEEN COTTER
MEMBERSHIP OFFICER/
AGT. OFFICE SUPERVISOR

GILLIAN MC. DONALD
ACCOUNTS & DISTRIBUTION
OFFICER

SADIA HAMSON
AGT. LICENSING SUPPORT
OFFICER

RENELLE LEWIS
ADMINISTRATIVE ASSISTANT

LICENSING AGENTS

BERNARD DE NULLY
ANTIGUA & BARBUDA

MC CARTHY MARIE
DOMINICA

VACANT
GRENADA

GRACE RICHARDSON
ST. KITTS & NEVIS

EMANUEL MANDE
ST. LUCIA

ELLSWORTH HACKSHAW
ST. VINCENT &
THE GRENADINES

OUR AFFILIATES

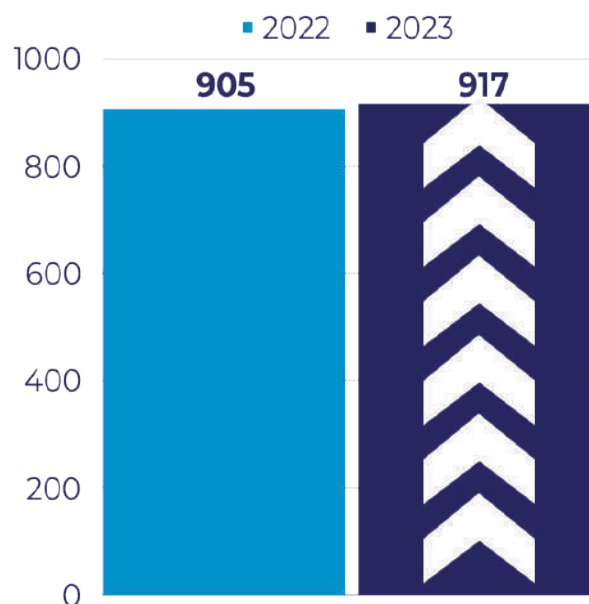


MEMBERSHIP REPORT

In 2023, our organization saw the inclusion of **20 new songwriters** hailing from various Caribbean countries, including **2** from **Dominica**, **3** from **St. Kitts and Nevis**, **11** from **St. Lucia**, and **3** from **St. Vincent and the Grenadines**. Additionally, **1 new international publisher member** from the **United States** joined our ranks. It is worth noting that of these **20 new songwriters**, only one was female.

This growth in membership is consistent with the additions made in the previous year, where **21 songwriters became members in 2022**. With an additional **21 creative music professionals joining us in 2023**, we are reinforcing our commitment to providing valuable networking opportunities, professional development, and effective rights administration.

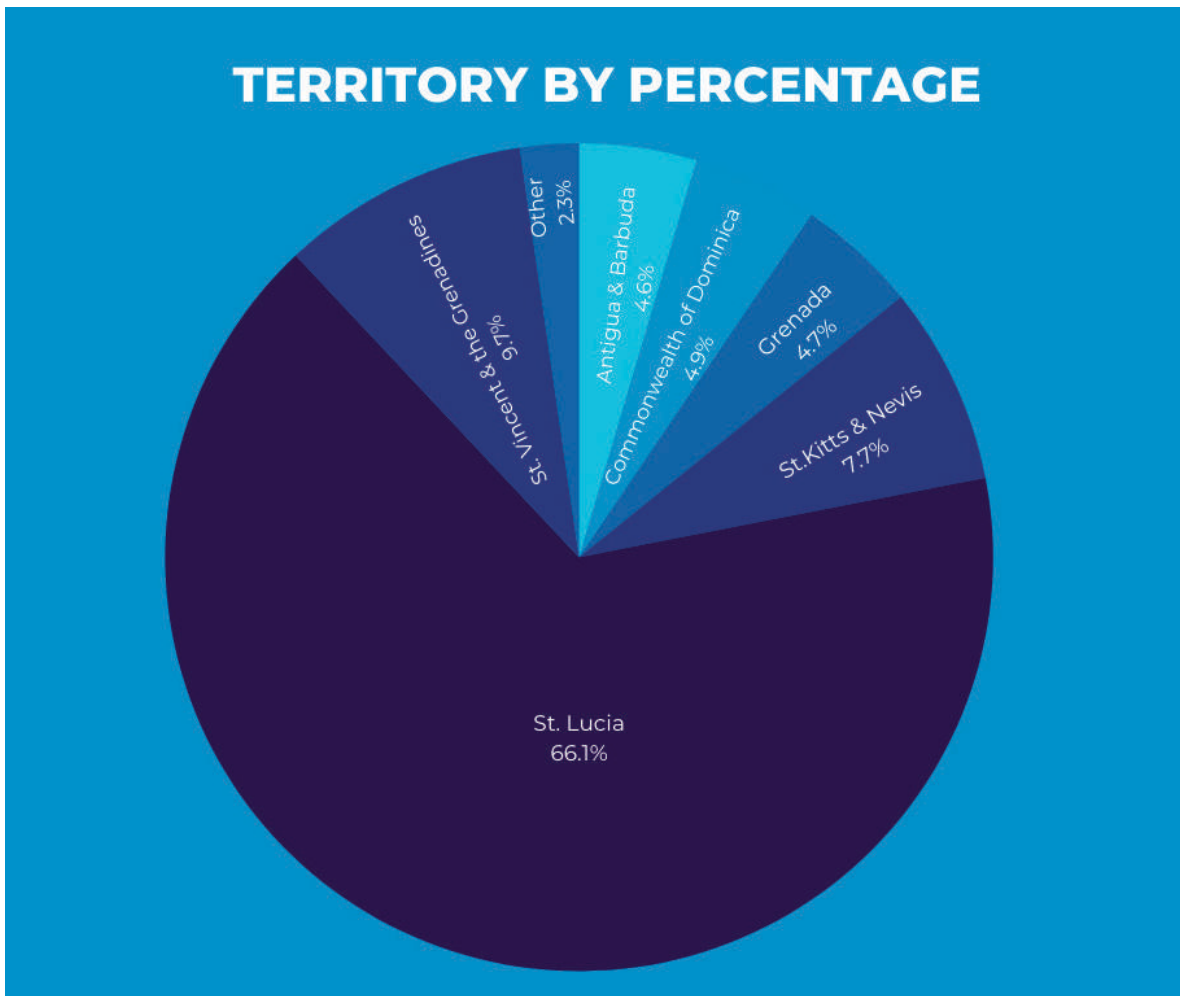
During 2023, ECCO received resignation requests from 7 members, marking an increase from the 3 requests received in 2022. While a rise in resignations is noteworthy, it is not uncommon for membership organisations to experience a moderate turnover. As we analyse the feedback from those departing and strive for ongoing improvements in our offerings, its important to note that many of our core members still highly value **ECCO** for its role in royalty collection, legal protections, networking, and professional development.





In 2023, the distribution of membership among **ECCO** territories varied significantly.

St. Lucia emerged as the dominant contributor, accounting for a substantial **66.1%** of the total membership. Followed by **St. Vincent & the Grenadines** claiming **9.7%** of the membership, while **St. Kitts & Nevis** and **Dominica** held **7.7%** and **4.9%**, respectively. **Grenada** and **Antigua & Barbuda** represented smaller portions with **4.7%** and **4.6%** of the total membership, respectively. Additionally, **Other Territories** collectively comprised **2.3%** of the total membership, reflecting a diverse representation across the region. This information is presented in the pie chart below.



A warm welcome is extended to all our new members, and we express our gratitude for joining the **Eastern Caribbean Collective Organisation for Music Rights (ECCO) Inc.!** ■

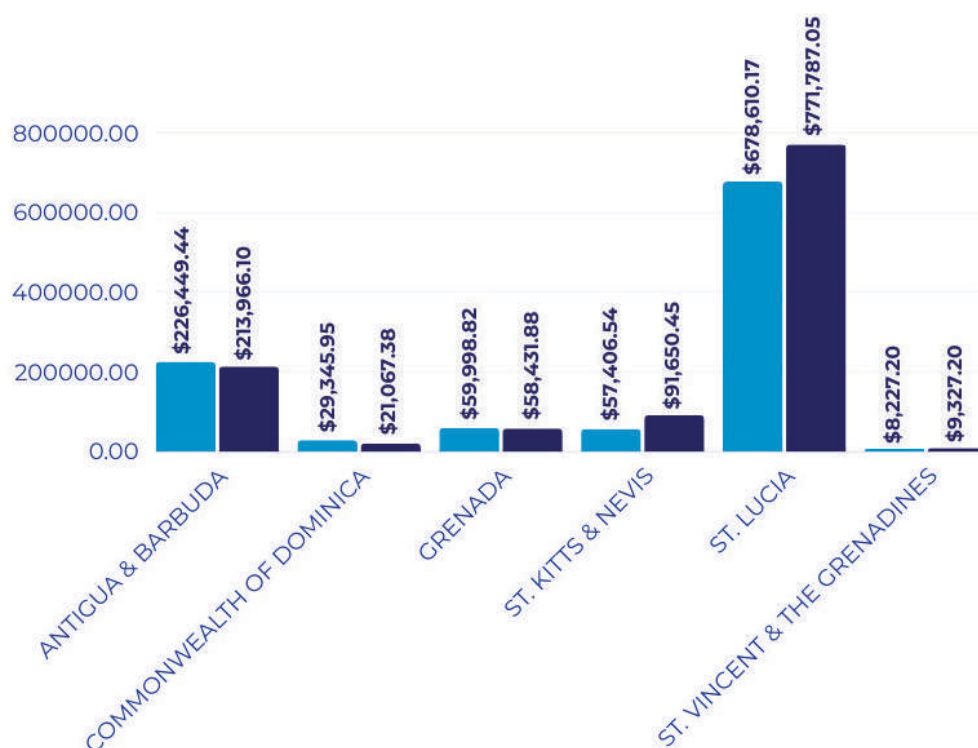
LICENSING REPORT

In 2023, **ECCO** experienced a notable **10%** increase in licensing collections, signaling a positive trend in revenue growth. This uptick can be attributed to businesses across **ECCO** territories resuming full operations post-pandemic, resulting in the reinstatement of standard license fees. Furthermore, the revival of mass crowd events after a **2.5-year** hiatus has significantly bolstered **ECCO's** financial outlook, fostering optimism for the future.

Looking ahead, **ECCO** remains committed to driving innovation in licensing practices and adapting to evolving industry dynamics. Through strategic initiatives and continuous improvement efforts, **ECCO** aims to sustain its growth trajectory and solidify its position as a leading collective management organization in the music industry. ■

COMPARISON BETWEEN 2022 & 2023

■ 2022 ■ 2023

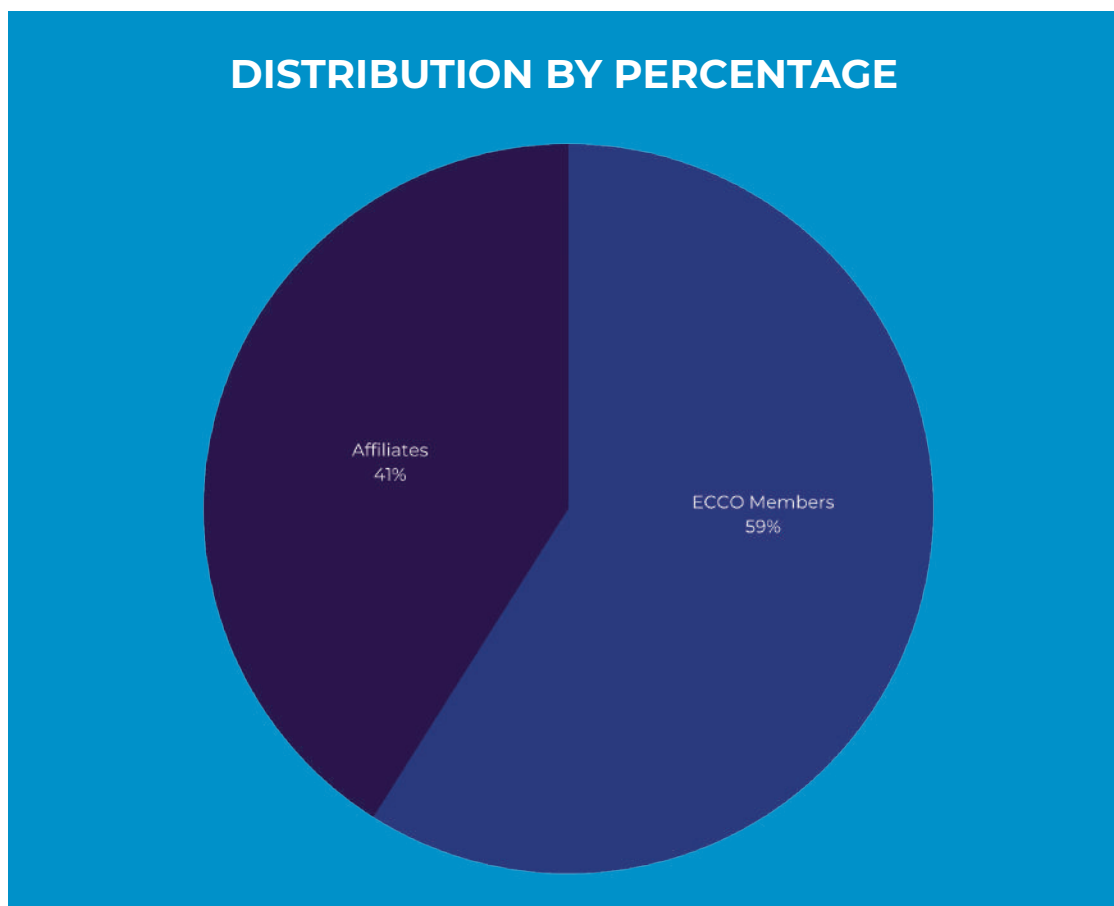


DISTRIBUTION REPORT

On **January 9th, 2023**, **ECCO** facilitated a royalty distribution to rights holders spanning the period from **January 1st, 2019 to December 31st, 2019**. The total sum disbursed amounted to **\$203,907.26 XCD**, further solidifying **ECCO's** commitment to equitable compensation for its esteemed members.

Of this distribution, **\$120,243.95** was attributed to the creative endeavours of **385 ECCO** members across the OECS. Notably, the remaining **\$83,663.31** was directed towards **ECCO's** valued affiliate societies, underscoring the collaborative spirit and synergistic efforts that define our organisation.

A closer examination of the distribution data reveals a dedicated subset of **43% of ECCO's membership contributed a remarkable 59% of the total distribution**. This statistic serves as a testament to the profound impact of our most prolific and industrious members, whose unwavering dedication continues to drive our collective success.





Significantly, this distribution encompassed royalties accrued through music usage at various live events held outside of the traditional carnival calendar. Among the notable events included were:

COMMONWEALTH OF DOMINICA

- Creole Events 2019
- World Creole Music Festival 2018

ST. KITTS & NEVIS

- St. Kitts Music Festival 2018

ST. LUCIA

- CPL 2019
- Live N Colour 2019
- Magnum Explosion
- Mercury Fest 2019
- Oktoberfest 2019
- Unity Fest 2019



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

Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

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

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March 20, 2024

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, 2023 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, 2023, 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.

Grant Thornton Inc.

Pointe Seraphine
PO Box 195 Castries
St. Lucia W.I.

T +1 758 456 2600
F +1 758 452 1061

Auditor's Responsibilities for the Audit of the Financial Statements

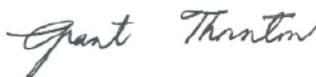
Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit 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, 2023

(expressed in Eastern Caribbean dollars)

	2023 \$	2022 \$
Assets		
Current assets		
Cash (Note 4)	3,526,941	2,690,261
Trade and other receivables (Note 6)	1,434,726	1,033,008
Due from related party (Note 7)	5,012	5,012
	<u>4,966,679</u>	<u>3,728,281</u>
Property and equipment (Note 8)	<u>363,571</u>	<u>372,842</u>
Total assets	<u>5,330,250</u>	<u>4,101,123</u>
Liabilities		
Current liabilities		
Borrowings (Note 9)	—	32,461
Accruals and other payables (Note 10)	375,057	249,293
Provision for legal award	5,000	5,000
Deferred revenue	164,066	354,139
Due to rights owners (Note 11)	4,105,777	2,849,875
	<u>4,649,900</u>	<u>3,490,768</u>
Borrowings (Note 9)	<u>—</u>	<u>1,369</u>
Total liabilities	<u>4,649,900</u>	<u>3,492,137</u>
Equity		
Reserve fund	<u>680,350</u>	<u>608,986</u>
Total liabilities and equity	<u>5,330,250</u>	<u>4,101,123</u>

Approved by the Board of Directors on 15th March , 2024

 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, 2023

(expressed in Eastern Caribbean dollars)

	2023 \$	2022 \$
Income		
Royalties (Note 12)	2,004,458	1,331,926
Registration fees	4,065	3,836
	2,008,523	1,335,762
Administrative and general expenses (Note 13)	(388,879)	(276,394)
Staff costs (Note 14)	(226,957)	(200,035)
Legal and professional fees	(46,933)	(51,220)
Receivables impairment	—	(67,196)
Other income (Note 15)	390	35,447
Surplus before finance cost	1,346,144	776,364
Finance cost (Note 9)	(3,515)	(7,453)
Net comprehensive income	1,342,629	768,911
Attributable to:		
Net distributable comprehensive income	1,338,174	729,628
Other income not included in distributable reserves	4,455	39,283
Net comprehensive income	1,342,629	768,911

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, 2023

(expressed in Eastern Caribbean dollars)

	2023 \$	2022 \$
Distributable reserve		
Net distributable comprehensive income for the year	<u>1,338,174</u>	<u>729,628</u>
Appropriations to reserve fund –		
5% of net distributable comprehensive income	(66,909)	(36,481)
Distributable income to rights owners (Note 11)	<u>(1,271,265)</u>	<u>(693,147)</u>
At end of year	<u>–</u>	<u>–</u>
Reserve fund		
At beginning of year	608,986	533,222
Appropriation from distributable reserve -		
5% of net distributable comprehensive income	66,909	36,481
Other income not included in distributable comprehensive income	<u>4,455</u>	<u>39,283</u>
At end of year	<u>680,350</u>	<u>608,986</u>
Equity, end of year	<u>680,350</u>	<u>608,986</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, 2023

(expressed in Eastern Caribbean dollars)

	2023 \$	2022 \$
Cash flows from operating activities		
Net income for the year	1,342,629	768,911
Adjustments for:		
Depreciation and amortization (Notes 8 and 13)	16,095	15,670
Interest expense (Note 9)	3,515	7,453
Bad debts expense	—	67,196
Operating profit before working capital changes	1,362,239	859,230
Increase in receivables and prepayments	(401,718)	(283,038)
Decrease in due from related party	—	670
Increase/(decrease) in accruals and other payables	125,764	(14,487)
Decrease in deferred revenue	(190,073)	(11,309)
Net cash provided by operating activities	896,212	551,066
Cash flows from investing activities		
Purchase of property and equipment (Note 8)	(6,824)	(4,383)
Net cash used in investing activities	(6,824)	(4,383)
Cash flows from financing activities		
Distributions to rights owners	(15,363)	36,141
Interest paid	(3,515)	(7,453)
Repayment of borrowings	(33,830)	(36,132)
Net cash used in financing activities	(52,708)	(7,444)
Net increase in cash	836,680	539,239
Cash, beginning of year	2,690,261	2,151,022
Cash, end of year (Note 4)	3,526,941	2,690,261

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

4 Cash

	2023 \$	2022 \$
Cash at bank and on hand	3,464,301	2,627,621
Restricted cash (Note 10)	62,640	62,640
	<u>3,526,941</u>	<u>2,690,261</u>

5 Investment securities

	2023 \$	2022 \$
Debt securities		
Unlisted investment securities	252,234	241,373
Less: provision for impairment of investment securities	<u>(252,234)</u>	<u>(241,373)</u>
	<u>—</u>	<u>—</u>

The weighted average effective interest rate on debt securities is 4.5% (2022 - 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

	2023 \$	2022 \$
Trade receivables	1,883,338	1,485,385
Less: Provision for impairment of receivables	<u>(479,495)</u>	<u>(479,495)</u>
	1,403,843	1,005,890
Prepayments	<u>30,883</u>	<u>27,118</u>
	<u>1,434,726</u>	<u>1,033,008</u>

The fair value of receivables approximates the carrying values at December 31, 2023 and 2022, 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. In 2023, \$nil of receivables were provided for (2022 - \$67,196) and no receivables being provided for were recovered (2022 - \$31,995 were recovered).

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

Notes to Financial Statements

For the year ended December 31, 2023

7 Related party balances and transactions

	2023 \$	2022 \$
Due from related party		
Performing Right Society Ltd.	<u>5,012</u>	<u>5,012</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:

	2023 \$	2022 \$
Salaries and wages	115,087	40,844
Social security costs	4,554	700
Pension and medical benefits	1,200	203
Other benefits	—	400
	<u>120,841</u>	<u>42,147</u>

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

Notes to Financial Statements

For the year ended December 31, 2023

8 Property and equipment

	Land and Building \$	Computers \$	Office Furniture \$	Office Equipment \$	Total \$
At December 31, 2021					
Cost	475,462	39,198	18,707	71,999	605,366
Accumulated depreciation	(111,902)	(24,465)	(18,530)	(66,340)	(221,237)
Net book amount	363,560	14,733	177	5,659	384,129
Year ended December 31, 2022					
Opening net book amount	363,560	14,733	177	5,659	384,129
Additions	—	4,383	—	—	4,383
Disposal	—	—	—	—	—
Depreciation charge (Note 14)	(8,661)	(4,460)	(177)	(2,372)	(15,670)
Closing net book amount	354,899	14,656	—	3,287	372,842
At December 31, 2022					
Cost	475,462	43,581	18,707	71,999	609,749
Accumulated depreciation	(120,563)	(28,925)	(18,707)	(68,712)	(236,907)
Net book amount	354,899	14,656	—	3,287	372,842
Year ended December 31, 2023					
Opening net book amount	354,899	14,656	—	3,287	372,842
Additions	—	3,829	1,045	1,950	6,824
Depreciation charge (Note 14)	(8,661)	(5,275)	(299)	(1,860)	(16,095)
Closing net book amount	346,238	13,210	746	3,377	363,571
At December 31, 2023					
Cost	475,462	47,410	19,752	73,949	616,573
Accumulated depreciation	(129,224)	(34,200)	(19,006)	(70,572)	(253,002)
Net book amount	346,238	13,210	746	3,377	363,571

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

Notes to Financial Statements

For the year ended December 31, 2023

9 Borrowings

	2023 \$	2022 \$
Current		
Bank borrowings	—	32,461
Non-current		
Bank borrowings	—	1,369
Total borrowings	<u>—</u>	<u>33,830</u>

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:

	2023 \$	2022 \$
Between 1 and 2 years	—	1,369
	<u>—</u>	<u>1,369</u>

Finance cost incurred in 2023 amounted to \$3,515 (2022 - \$7,453). The weighted average effective interest rate at the balance sheet date was 10% in 2023 (2022 - 10%).

10 Accruals and other payables

	2023 \$	2022 \$
Accrued expenses	193,020	180,737
Accounts payable	48,193	13,928
VAT payable - net	75,892	11,070
Other payables	57,952	43,558
	<u>375,057</u>	<u>249,293</u>

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

Notes to Financial Statements

For the year ended December 31, 2023

11 Due to rights owners

	2023 \$	2022 \$
At beginning of year	2,849,875	2,120,587
Foreign distribution received for rights owners	24,750	41,449
Distributable income to rights owners	1,271,265	693,146
	<u>4,145,890</u>	<u>2,855,182</u>
Less: benevolent fund	—	(103)
Less: distribution to rights owners	(40,113)	(5,204)
	<u>(40,113)</u>	<u>(5,204)</u>
At end of year	<u>4,105,777</u>	<u>2,849,875</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.

12 Royalties

	2023 \$	2022 \$
General	1,175,790	699,792
Live events	663,230	439,141
Broadcasting	165,438	192,993
	<u>2,004,458</u>	<u>1,331,926</u>

The revenue is attributed to the member territories as follows:

	2023 \$	2022 \$
St. Lucia	1,287,664	714,517
St. Kitts	232,976	62,422
Antigua	229,130	236,736
Dominica	161,172	230,624
Grenada	85,306	59,999
St. Vincent and the Grenadines	8,210	27,628
	<u>2,004,458</u>	<u>1,331,926</u>

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

Notes to Financial Statements

For the year ended December 31, 2023

13 Administrative and general expenses

	2023 \$	2022 \$
Agents fees and commissions	73,712	72,608
ACCS subscriptions	55,289	13,585
BMAT licensing system fee	33,843	28,373
Taxes and licenses	28,282	5,183
Utilities	23,153	21,700
Printing, postage and office supplies	21,205	18,471
Expenses for meetings	21,176	5,900
Travel and entertainment	20,674	206
Audit fees	18,000	16,000
Depreciation and amortization (Notes 8, 9)	16,095	15,670
Director fees	16,050	16,000
Consultant fees	6,500	8,500
Bank charges	6,211	5,172
Sponsorships and donations	5,700	1,500
Office repairs and maintenance	5,209	5,023
Dues and subscriptions	4,209	4,621
Akisoft licensing	4,075	4,075
Promotion and advertising	3,514	7,673
Insurance	3,365	3,365
Security services	2,940	5,290
CISAC/SUISA subscriptions	2,117	3,373
Membership fees	1,583	1,583
Other expenses	15,977	12,523
	388,879	276,394

14 Employee benefit expense

	2023 \$	2022 \$
Salaries and wages	205,056	187,646
Social security cost	10,489	8,947
Gratuity	6,400	—
Pension and medical	2,186	2,681
Other staff benefits	2,826	761
	226,957	200,035

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

Notes to Financial Statements

For the year ended December 31, 2023

15 Other income

	2023 \$	2022 \$
Recovery of bad debts	—	31,995
Miscellaneous income	390	3,452
	<u>390</u>	<u>35,447</u>



Protecting Music Rights

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