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**ANNUAL  
REPORT AND ACCOUNTS  
2020**



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October 29, 2021

Hon. Gregory Bowen  
Minister for Finance  
Ministry of Finance  
Financial Complex  
The Carenage

St. George's

Dear Sir

In accordance with Section 25 of the Grenada Authority for the Regulation of Financial Institutions (GARFIN) Act CAP 125A of the Continuous Revised Edition of the Laws of Grenada and Section 243 of the Public Finance Management (PFM) Regulations, we forward herewith the Annual Report and Audited Financial Statements of the Authority for the year ended December 31, 2020.

Yours truly

A handwritten signature in black ink, appearing to read 'Dia Forrester', is written over a horizontal dotted line.

Dia Forrester  
Chairman

A handwritten signature in black ink, appearing to read 'Denis Felix', is written over a horizontal dotted line.

Denis Felix  
Executive Director (Ag)



## **MISSION STATEMENT**

The Mission of the Authority is to promote and maintain public confidence in, and the integrity of, the financial system in Grenada through the effective regulation and supervision of designated non-bank financial institutions.

## **CORE VALUES**

The Core Values of the Authority are:

- Integrity
- Professionalism
- Confidentiality
- Partnership
- Mutual Respect
- Service



## **CORPORATE INFORMATION**

### **ADDRESS**

**Grenada Authority for the  
Regulation of Financial Institutions  
P.O. Box 3973  
Grenada National Stadium  
St. George's  
Grenada  
Tel: 440-6575/8717  
Fax: 440-4780  
Email: [garfininfo@garfin.org](mailto:garfininfo@garfin.org)**

**Website: [www.garfin.gd](http://www.garfin.gd)**

### **AUDITORS**

**PKF Accountants and Business Advisors  
P.O. Box 1798  
Grand Anse  
St. George**

### **ATTORNEYS-AT-LAW**

**Lisa Taylor & Co.  
Chambers, St. Michaels  
Lucas Street  
St. George's**

### **PRINCIPAL BANKERS**

**Grenada Co-operative Bank Limited  
Church Street  
St. George's**

**BOARD OF DIRECTORS**



**OudDia Forrester**  
*Chairman*



**Ms. Laurel Bain**  
*Deputy Chairman*



**Dr. Wayne Sandiford**  
*Director*



**Mr. Fitzroy O'Neale**  
*Director*



**Mr. Glen Harloff**  
*Director*



**Mrs. Isha Mc Donald Abraham**



**Mr. Gregory Renwick**

**MANAGEMENT AND STAFF**



**Mr. Denis Felix**  
*Executive Director (Ag)*



**Mrs. Bethann George-Buckmire**  
*Manager- HR/Admin. & IFSS*



**Mr. Anthony Edwards**  
*Manager- Insurance  
& Pensions Supervision*



**Mrs. Kizzy Simon**  
*Manager - Non-Bank Credit  
Institutions &  
Money Services Supervision*



**Left - Right (Front Row)**

Karen Boatswain, Bethann George-Buckmire, Matonia Munroe, Denis Felix, Elaine Julien-Phillip,  
June Straker, Julia Hypolite

**Left – Right (Back Row)**

Asha Hypolite, Anthony Edwards, John Martin, Kizzy Simon, Carey Jeffrey, Shemair Lewis,  
Ordelle Abraham, Kelon Fletcher



## REPORT OF THE BOARD OF DIRECTORS

### ECONOMIC REVIEW

Grenada's economy expanded at a brisk pace in the past seven years, with economic growth averaging 4.4% in real terms over the period 2013-2019. However, data for the year 2020 indicated major declines in all sectors of the economy, particularly the Tourism and Private Tertiary Education sectors. As a result, an overall double-digit contraction of 13.8% is estimated for 2020 in contrast to the 3.2% positive growth projected at the start of the year.

According to the International Monetary Fund (IMF), Grenada's GDP is projected to pick up to 6.1% in 2021 subject to the post global economic recovery. The agriculture, construction, wholesale and retail sectors will drive this recovery. Other key sectors, including tourism and private tertiary education, are projected to recover much slower and will continue to affect the speed of recovery.

In the Eastern Caribbean Currency Union (ECCU), based on reports from the Eastern Caribbean Central Bank (ECCB), the economies of the sub-region have been severely disrupted and will contract between 10.0 and 20.0 percent in 2020 before starting to recover in 2021. Key risks to the anticipated recovery include a delay in the global rebound, permanent job losses and business closure, natural disasters and the level of impact on credit and liquidity in the financial sector. At the same time, according to the IMF October 2021 World Economic Outlook report, the global economic growth is projected to contract by 4.9% in 2020 as the world deals with the effects of the covid-19 pandemic and to grow by 5.9% in 2021.

Despite the contraction in the economy in 2020, the liquidity in the financial system remained strong. Among the non-bank financial institutions, credit unions recorded another year of growth, though at a lower level compared to 2019 in the key performance areas such as total assets, deposits, loans and capital. In addition to the challenges associated with high liquidity and comparatively slower growth in credit, financial institutions, including credit unions continued to grapple with increasing requirements for coping with anti - money laundering measures as well as "de-risking" threats thus requiring ongoing oversight to improve compliance in these areas.



On an overall basis, however, the non-bank financial sector remained stable in 2020. GARFIN continued to work steadfastly with all regulated entities to strengthen performance in key areas such as capital adequacy, governance, the quality of financial operations, compliance and strategic direction.

The following outlines the key activities and achievements of GARFIN in 2020 and some of the issues being addressed.

## **OVERVIEW OF THE NON - BANK FINANCIAL SECTOR**

GARFIN is charged with the responsibility of regulating and supervising the Non-Bank Financial Sector in Grenada with the primary objectives of ensuring financial stability and protection of consumers.

In accordance with Section 25 of the GARFIN Act CAP 125A of the Continuous Revised Edition of the Laws of Grenada and Section 243 of the Public Finance Management (PFM) Regulations, GARFIN must submit an annual report and audited financial statements for the previous financial year (2020) to the Minister for Finance and the Minister shall cause a copy of this report to be laid before Parliament.

As at December 31, 2020 GARFIN provided oversight of the following registered entities:

- Ten credit unions and an Apex Body with total consolidated assets amounting to \$1.1 billion.
- Twenty - eight insurance companies with total assets amounting to \$477.8 million.
- Forty - three pension plans with total assets amounting to \$209 million.
- Two money transmission businesses.
- Six Micro Lending businesses.
- One Development Bank with assets amounting to \$94.2 million.
- One Building Society with assets amounting to \$18.1 million.
- Seventy - nine schools savings unions with total savings amounting to approximately \$1.5 million.
- Fifty - four International Business Companies (IBCs).
- Seven functional Friendly Societies.

## LEGISLATIVE REVIEW

The draft Bill is intended to address the existing deficiencies of the current legislation and seeks to provide for, among other things:

- Capitalisation requirements.
- Market conduct and dispute resolution.
- Introduction of a passport system.
- Strengthening of Pension Plans supervision.
- Establishment of Risk Based Supervision.

These new provisions are deemed necessary for a modern, well-functioning insurance system well as enhanced regulation and supervision.

However, developmental work on the draft Bill was delayed in 2020 while attention focused on establishment of a proposed Optimal Regulatory Framework for the Financial Sector of the Eastern Caribbean Currency Union (ECCU).

Discussions continued in 2020 with the credit union sector to improve the draft Uniform ECCU Cooperative Societies Regulations with technical assistance from an experienced regional consultant – Mr. Melvin Edwards – who was engaged by GARFIN. Though these Regulations have been outstanding since 2011, very good progress was realized in 2020 and it is expected that the final draft document will be completed before the end of 2021 for submission to the Attorney General’s Chambers for vetting.

In addition, the Grenada Development Bank (GDB) completed a draft Bill to amend the GDB Act Cap 129. The Bill seeks to expand the functions of the Bank, to authorize the Bank to issue shares and accept certain types of deposits from customers as well as strengthen its governance.

Following changes made in December 2018 to various pieces of legislation relating to international businesses, a total of fifty - four international companies remained on the register and continued operations during 2020 marking the second year of the stipulated transition period of a maximum of three years for these companies to exit the market and transition under the Companies Act, 1994.



As at December 31, 2020 GARFIN was responsible for administering the following twelve enactments and subsidiary legislation.

**Table I - Legislation Administered by GARFIN**

<b>1.</b>	<p><b>Cooperative Societies Act No 8/2011</b></p> <ul style="list-style-type: none"> <li>- Cooperative Societies Order SRO 25/2011</li> <li>- Cooperative Societies (Amendment) Act No 25/2012</li> <li>- Cooperative Societies (Credit Union Fees) SRO 8/2015</li> <li>- Cooperative Societies (Amendment) Act No. 20 of 2017</li> <li>- Cooperative Societies Regulations SRO 63 of 1997</li> </ul>
<b>2.</b>	<p><b>Insurance Act Cap 150</b></p> <ul style="list-style-type: none"> <li>- Insurance (Amendment) Act No 18/2011</li> <li>- Insurance (Amendment) Regulations SRO 7/2011</li> <li>- Insurance (Amendment) Act No 6/2013</li> <li>- Admissible and Valuation of Assets Regulations SRO 3/2014</li> <li>- Insurance (Amendment) Act No 25/2014</li> </ul>
<b>3.</b>	<p><b>Building Societies Act Cap 38</b></p>
<b>4.</b>	<p><b>Friendly Societies Act Cap 118</b></p> <ul style="list-style-type: none"> <li>- Friendly Societies Regulations Cap 118</li> </ul>
<b>5.</b>	<p><b>International Companies Act Cap 152 (<i>Repealed with effect from December 31, 2018</i>)</b></p> <ul style="list-style-type: none"> <li>- International Companies (Amendment) Act No 7/2013</li> <li>- International Companies (Amendment) (No 2) Act No 26/2013</li> <li>- International Companies (Amendment) Act No 8 /2014</li> <li>- International Companies (Amendment) Act No 2/2015</li> </ul>
<b>6.</b>	<p><b>Offshore Banking Act Cap 217A (<i>Repealed with effect from December 31, 2018</i>)</b></p>



	<ul style="list-style-type: none"> <li>- Offshore Banking (Amendment) Act No 28/2013</li> <li>- Offshore Banking (Amendment) Act No 5/2014</li> <li>- Offshore Banking (Amendment) Act No 1/2015</li> </ul>
7.	<b>International Betting Act Cap 151A</b>
8.	<b>International Insurance Act Cap 152B (<i>Repealed with effect from December 31, 2018</i>)</b>
9	<b>Company Management Act Cap 58B</b>
10.	<b>International Trusts Act Cap 152C (<i>Amended with effect from December 31, 2018</i>)</b> <ul style="list-style-type: none"> <li>- International Trusts (Amendment) Act No 7/2014</li> <li>- International Trusts (Ownership Information) Regulations SRO 39/2014</li> </ul>
11.	<b>Grenada Development Bank Act Cap 129</b>
12.	<b>Money Services Businesses Act Cap 198A</b> <ul style="list-style-type: none"> <li>- Money Services Businesses (Amendment) Act No 29/2014</li> </ul>

**INSURANCE AND PENSION SERVICES REVIEW**

**Overview**

As at December 31, 2020 there were 27 companies licenced to conduct insurance business in Grenada under the Insurance Act CAP 150. One company was a composite company conducting both long term and general insurance business thus making a total of 28 licencees.

The following Table summarises the composition of the insurance sector as at December 31, 2020. In addition, Table II reflects a financial summary of the sector as at December 31, 2020.

**Table II - Composition of the Insurance Sector**

<b>Companies</b>	<b>2020</b>	<b>2019</b>
General Companies	15	15
Life Companies ( <i>of which two are under judicial management and not writing new business</i> )	13	13
Composite Companies ( <i>included above</i> )	1	1
Association of Underwriters ( <i>included above</i> )	1	1
New Registration	0	1
Companies Exiting Market	0	0
<b>Intermediaries</b>		
Insurance Brokers	22	22
Insurance Agents	15	13
Insurance Salespersons	84	94
Insurance Adjuster	1	1

Total assets of the insurance sector amounted to \$477.8 million reflecting an increase of \$55.6 million or 13.2% compared to 2019 when total assets for the sector stood at \$422.2 million.

Life Insurance Companies recorded a \$33.3 million or 13.3 % increase in assets to \$282.9 million while General Insurance Companies recorded a \$22.3 million or 12.9% increase to \$194.9 million.

**Table III - Financial Summary of the Insurance Sector**

Financials	2020	2019
Life Insurance Companies Assets	\$282.9 million	\$249.6 million
General Insurance Companies Assets	\$194.9 million	\$172.6 million
Total Assets	\$477.8 million	\$422.2 million
Life Companies Capital & Reserves	\$104.7 million	\$ 71.7 million
General Companies Capital & Reserves	\$102.7 million	\$ 90.7 million
Total Capital & Reserves	\$207.4 million	\$161.4 million

### Supervision and Regulation

GARFIN's mandate is to promote and maintain public confidence in, and the integrity of, the financial system in Grenada through the effective regulation and supervision of the non-bank financial sector. This entails maintaining safety and soundness of the institutions supervised, ensuring an appropriate degree of protection of financial consumers and stability of the sector. This is achieved through a supervisory framework which focuses on both off-site and onsite surveillance of the entities supervised.

During 2020, two insurance intermediaries and one pension plan were subjected to targeted on-site examinations by GARFIN in keeping with its risk-based supervisory framework. However, with the onset of the covid-19 pandemic in late March 2020, onsite inspections were suspended while efforts were focused on enhanced offsite monitoring and supervision. This included the introduction of a new requirement for submission of monthly financial reports focusing on gross premium income, accounts receivables, claims provision and settlement and liquidity. As at December 31, 2020 based on observations drawn from close monitoring and analyses of the financial reports submitted, there was no material effect of the pandemic on the operations of the insurance sector.

Insurance companies are required to provide quarterly financial reports to GARFIN which, along with annual audited statements and the prudential meetings, form the core of GARFIN's offsite supervisory procedures. On an overall basis, there was satisfactory compliance from insurance



companies with respect to the timely submission of their annual audited statements for 2020. As a result of the challenges posed by covid-19, three companies requested an extension of time beyond the stipulated timeframe of six months after the end of the financial year for the submission of the required audited financial statements. GARFIN exercised some level of forbearance in this area.

Generally, all Insurance Intermediaries (agents and brokers) submitted management reports for the year ended December 31, 2020 thus reflecting an improvement over 2019.

GARFIN continued close monitoring of the key prudential ratios for capital adequacy, solvency and the insurance fund positions. The insurance fund comprises of assets, as prescribed in the Insurance Act, which are to be maintained by every insurance company that is equivalent to its insurance liabilities. These liabilities comprise mainly of unearned premiums, unpaid claims and policyholders' liabilities. As at December 2020, total insurance liabilities stood at \$184.4million while assets identified and pledged to GARFIN amounted to \$203.3 million or 110.2% coverage. It should be noted that 20 companies held assets in excess of the fund requirement while 3 companies had shortfalls. GARFIN usually work along with companies holding shortfalls to ensure that full compliance is attained within a period not exceeding three months.

Good market conduct by all insurance companies is essential to maintaining public confidence in the industry. GARFIN therefore responded to queries and complaints received from individual policyholders on an ongoing basis regarding service from insurers. Follow up action were taken as necessary, and assistance provided in arriving at amicable outcomes. During 2020, all five complaints referred to GARFIN for assistance were resolved.

### **Pension Plans**

Under the 2010 Insurance Act all pension fund plans operating in the State are required to formally register with the Supervisor of Insurance (GARFIN). The Act allowed a one-year period for all plans existing at the time to be registered. During the year 2020, the Authority continued implementation of its risk-based supervisory framework to regulate and supervise pension fund plans designed to enhance their safety and soundness. One pension fund plan was registered while the registration of one existing plan was cancelled and wound-up in accordance with the Insurance Act.

As at December 31, 2020 the status of registered plans was as follows:

Number of Plans Registered	47
Number of Plans Cancelled	(1)
Number of inactive Plans	(3)
Total Active	43
Total Assets (approximate)	\$209 million

### **CLICO / British American Insurance Company**

British American Insurance Company (BAICO) and CLICO International Life Insurance Limited (CLICO) remained under judicial management for another year in 2020. To date, the total amount of funds paid out to BAICO annuity policyholders stood at 14% of outstanding investments. The Judicial Manager continues to pursue efforts to dispose of remaining assets from which it is expected that a further distribution of funds will be made to policyholders at some time in the future prior to closing the judicial management.

As regards CLICO, in December 2019 the Judicial Manager (JM) provided GARFIN with a copy of a report filed in the Barbados High Court which informed in part that *“in the absence of any prospect for the GOB and other EC Government support for an alternative restructuring plan, it is no longer feasible or advantageous to continue the operations of the remaining branches. Accordingly, the Judicial Manager has sought the termination of its appointment as Judicial Manager and the appointment of a liquidator(s) to realise the assets in these jurisdictions, as well as in Barbados to which the Eastern Caribbean policyholders are beneficially entitled, undertake claims processes and distribute the net proceeds to creditors on a rateable basis as such funds become available”*.

In accordance with the Barbados Insurance Act, the Core Committee on Insurance for the ECCU joined with sixteen policyholders and five ECCU Regulators (Grenada included) to challenge any attempt by the JM to be appointed liquidator and instead proposed that the judicial management

of CLICO be terminated in accordance with the recommendation of the said JM in the final report dated December 2019. In addition, it was proposed that the JM be discharged from duties and that the company be wound-up and its assets liquidated so that the ECCU policyholders can realise some financial returns on their investments and that a new suitably qualified JM be appointed. The legal proceedings are ongoing in the respective Jurisdictions.

## **INTERNATIONAL FINANCIAL SERVICES REVIEW**

### **Overview**

As at December 31, 2020 there were 74 companies registered under the International Companies Act Cap 152, with 54 of these companies in good standing while the remaining 20 were not meeting the compliance requirements. Companies not in good standing will be struck off the register for not complying with certain requirements of the International Companies Act. Of the 74 registered companies, two have been granted licences under the International Betting Act. There are no companies licenced under the Offshore Banking Act, the International Trusts Act, the International Insurance Act or the Company Management Act. One of the Betting Companies – SOL Mutuel – had served notice of its intention for dissolution as at September 30, 2019. The process was completed in 2020.

In accordance with changes made to the above-mentioned legislation in December 2018, existing companies operating in Grenada will cease carrying on business on or before December 31, 2021 and be transitioned under the Companies Act, 1994.

### **Registered Agents**

As at December 2020 there were five persons registered as agents under the International Companies Act CAP 152 compared with eight in 2019. There were no new applications for licences in 2020. GARFIN also facilitated discussions with Registered Agents and the Ministry of Finance during the year on the way forward for International Business Companies following the repealing of the IBC Act.

## **NON-BANK CREDIT INSTITUTIONS AND MONEY SERVICES REVIEW**

### **Credit Unions**

#### **Overview**

As at December 31, 2020 there were 10 active credit unions in Grenada in addition to the apex body, the Grenada Cooperative League, with total assets amounting to \$1.1 billion. The credit union sector continued to be resilient despite the challenges faced with operating in a competitive market environment and coping with the covid-19 pandemic. On an overall basis, compliance, corporate governance and the quality of financial performance continued to show marked improvement. However, to some extent, issues of de-risking, AML compliance measures and loan delinquency remain areas which required on-going monitoring. No new credit union was registered in 2020.

#### **Supervision and Regulation**

Onsite inspections which usually form a key part of GARFIN's supervisory programme, were suspended in the month of April due to the onset of the covid-19 pandemic. For the remainder of the year - 2020 - emphasis was placed on enhanced offsite monitoring and supervision of all regulated entities through increased reporting, financial analyses and proactive responses to deficiencies identified. In addition, GARFIN continued to monitor very closely the key prudential ratios relating to capital, delinquency and liquidity and provided regular feedback on issues of concern. Prudential meetings were held with Boards of Directors and management of credit unions as necessary.

Close oversight continued throughout 2020 over the River Saltee Credit Union (RSCU) for a third consecutive year due to on-going administrative, operational and financial difficulties. A stronger credit union also provided valuable managerial and other technical support to help turn around the fortunes of RSCU.

Overall, GARFIN's offsite monitoring in keeping with its risk based supervisory programme underpinned the level of oversight of the credit union sector during 2020.



## **Financial Statements & Prudential Financial Ratios - 2020**

Audited financial statements are received annually in accordance with the Cooperative Societies Act. However, for the year ended December 31, 2020, due to the challenges posed by the covid-19, credit unions were granted an additional period of 5 months, up to November 30, 2021 to complete audited financial statements and hold annual general meetings of their members as required by the Cooperative Societies Act. Therefore, a summary of the unaudited financial statements submitted for 2020, with data comparison covering the last 5 years, is presented in Table IV while key areas of performance such as total assets, loans and deposits are reflected in Figures 1, 2 & 3 below.

### **Statement of Financial Position – December 2020**

As at December 31, 2020 there were ten credit unions and a National League (the Grenada Cooperative League) registered to conduct business in Grenada under the Cooperative Societies Act No. 8 of 2011. Total assets of the credit union sector amounted to \$1.1 billion reflecting an increase of \$84.0 million or 8.3% compared to 2019 when total assets held by the sector stood at \$1.014 billion.

For the same period, total deposits amounted to \$916 million, an increase of \$67 million or 7.9% compared to 2019. Total loans amounted to \$798.4 million, up by \$63.2 million or 8.6% compared to 2019. The loan delinquency ratio for the sector – comprising loans in arrears for a period greater than 90 days - as at December 31, 2020 stood at 5.8% reflecting some level of deterioration from 2019 when it stood at 5.2%. Total membership for the sector amounted to 76,539.

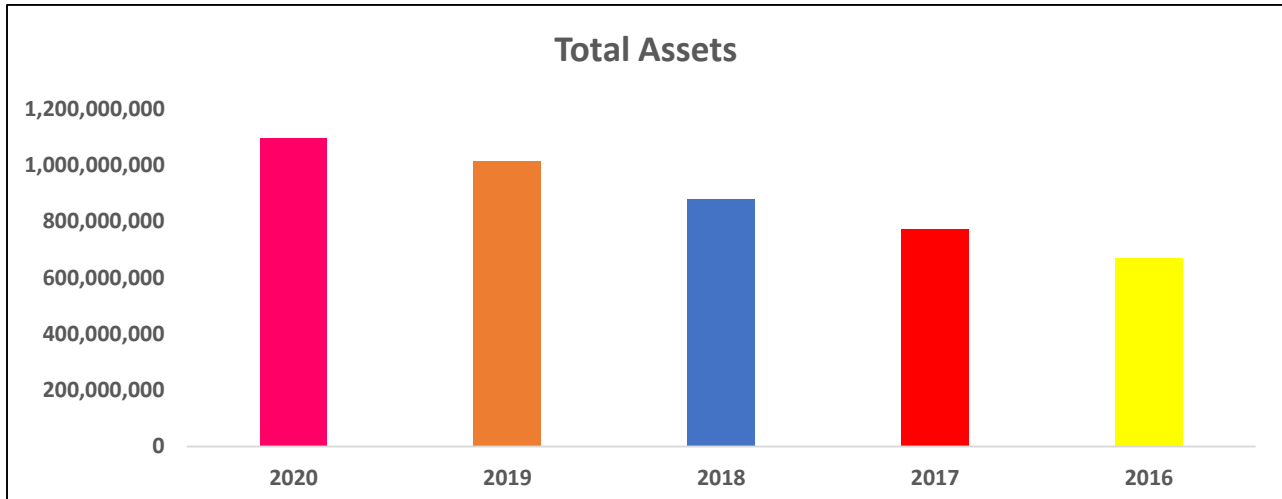
The following Table summarises the financial position of the sector from 2016 – 2020.



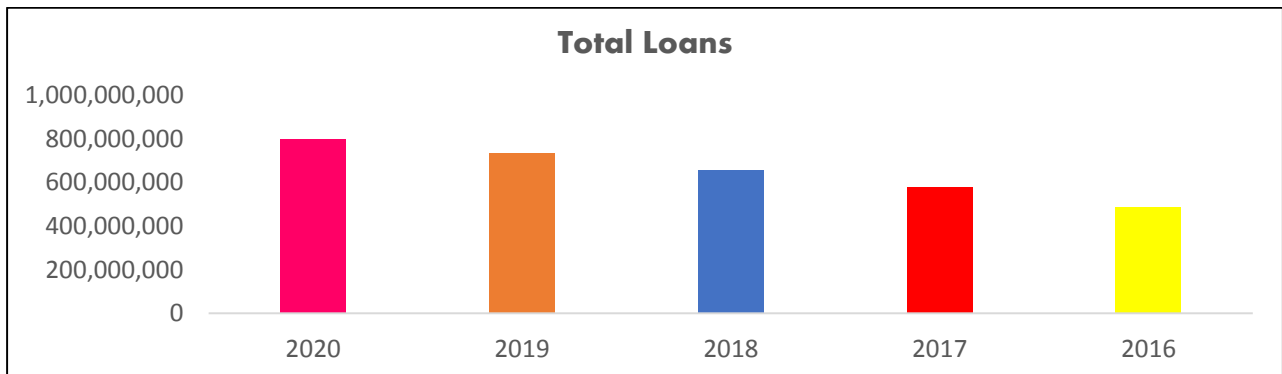
**Table IV**

<b>CONSOLIDATED BALANCE SHEET STATEMENTS 2016-2020</b>					
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>LIABILITIES &amp; CAPITAL</b>					
Total Deposits	915,976,022	849,040,372	742,529,155	659,573,754	574,567,947
Loans Received externally	7,836,570	8,304,444	2,943,371	2,061,303	1,135,335
Other Liabilities	34,806,139	30,968,676	23,886,502	15,333,386	9,400,640
Capital & Reserves	140,340,153	125,778,561	109,823,021	97,800,735	84,855,256
<b>TOTAL LIABILITIES &amp; CAPITAL</b>	<b>1,098,958,884</b>	<b>1,014,092,054</b>	<b>879,182,049</b>	<b>774,771,195</b>	<b>669,959,178</b>
<b>ASSETS</b>					
Cash in hand and Bank	84,691,011	70,324,232	66,597,265	52,347,068	53,397,391
Investments	103,354,349	114,034,733	71,224,336	73,945,818	67,018,492
Total Loans	798,388,974	735,189,251	654,666,558	576,551,931	487,471,186
Fixed Assets	79,354,605	76,313,850	67,300,823	61,500,444	53,907,048
Other Assets	33,169,945	18,229,988	19,393,067	10,425,934	8,165,061
<b>TOTAL ASSETS</b>	<b>1,098,958,884</b>	<b>1,014,092,054</b>	<b>879,182,049</b>	<b>774,771,195</b>	<b>669,959,178</b>

**Figure 1: Total Assets Held by Credit Unions - 2016-2020**

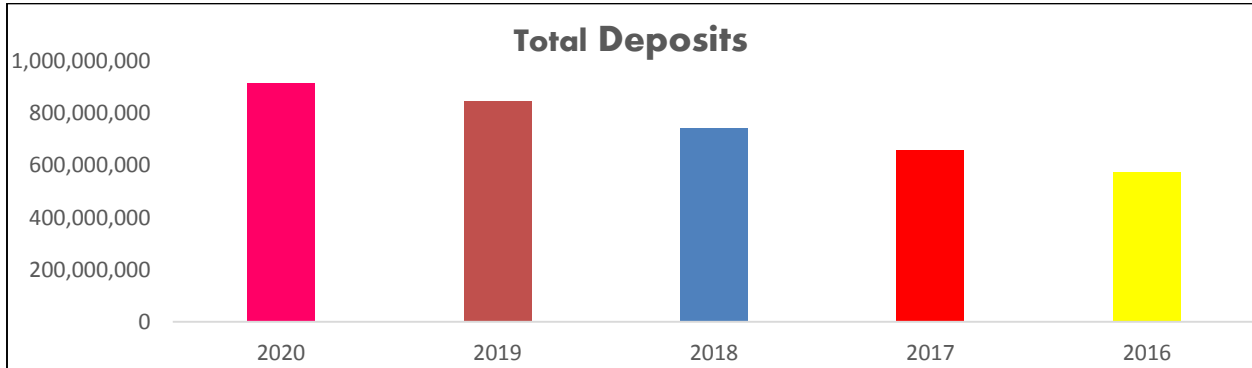


**Figure 2: Total Loans Held by Credit Unions - 2016-2020**





**Figure 3: Total Deposits Held by Credit Unions - 2016-2020**



**Statement of Comprehensive Income - 2020**

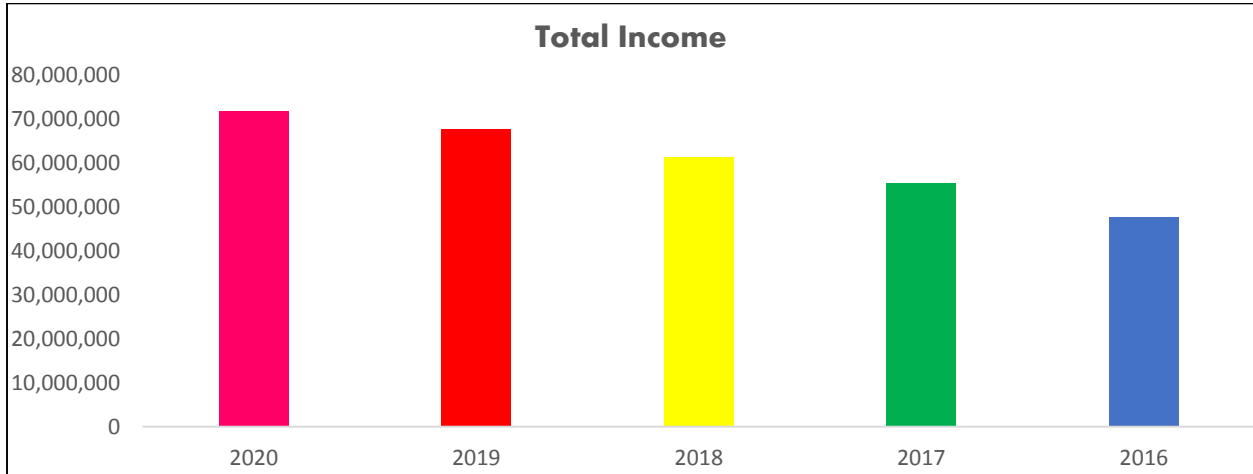
The sector realized total revenue of \$71.8 million for the year 2020 resulting in a net surplus of \$15.4 million, as compared to 2019 when total revenue amounted to \$67.7 million and the net surplus realized amounted to \$13.9 million. This represents a reduction in surplus of \$1.5 million largely due to an increase in interest income from loans.

Table V summarises the statements of comprehensive income for the sector for 2020 and reflected in Figures 4 & 5.

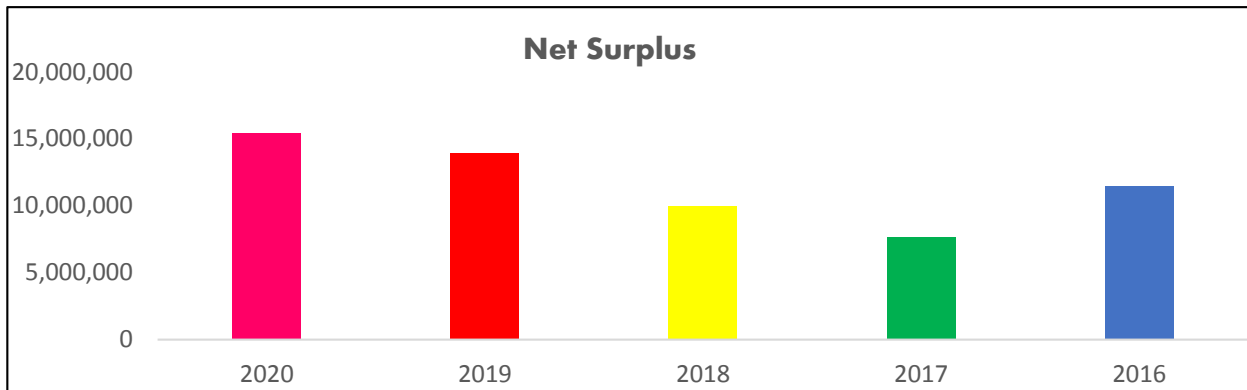
**Table V**

<b>CONSOLIDATED INCOME STATEMENTS 2016-2020</b>					
<b>INCOME</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Interest Income	65,220,171	60,667,502	53,422,979	47,614,193	43,793,034
Non-Interest Income	6,589,797	7,010,441	7,927,626	7,750,100	3,946,197
<b>Total Income</b>	<b>71,809,968</b>	<b>67,677,943</b>	<b>61,350,605</b>	<b>55,364,293</b>	<b>47,739,231</b>
<b>EXPENDITURE</b>					
Interest/Dividend Expense:	22,841,721	21,572,489	21,265,602	18,241,879	16,698,699
Operating Expenses	32,199,000	30,085,395	30,109,853	24,960,569	18,715,875
Other Expenses	1,331,872	2,105,745	36,709	4,515,335	870,294
<b>Total Expenditure</b>	<b>56,372,593</b>	<b>53,763,629</b>	<b>51,412,164</b>	<b>47,717,783</b>	<b>36,284,868</b>
<b>NET SURPLUS</b>	<b>15,437,375</b>	<b>13,914,314</b>	<b>9,938,441</b>	<b>7,646,510</b>	<b>11,454,363</b>

**Figure 4: Total Income for the Sector**



**Figure 5: Net Surplus for the Sector**



**Prudential Financial Ratios**

Among the key Prudential ratios assessed on a monthly basis are those related to capital, provision for doubtful loans and investments, loan and deposit ratios, loan delinquency, liquidity, return on assets, operating expenses and rate of growth.

On an overall basis, credit unions have performed creditably in 2020 when measured against accepted financial indicators. However, in cases where deficiencies are identified, corrective steps are taken as deemed necessary. GARFIN consistently received full cooperation from credit unions in such instances.

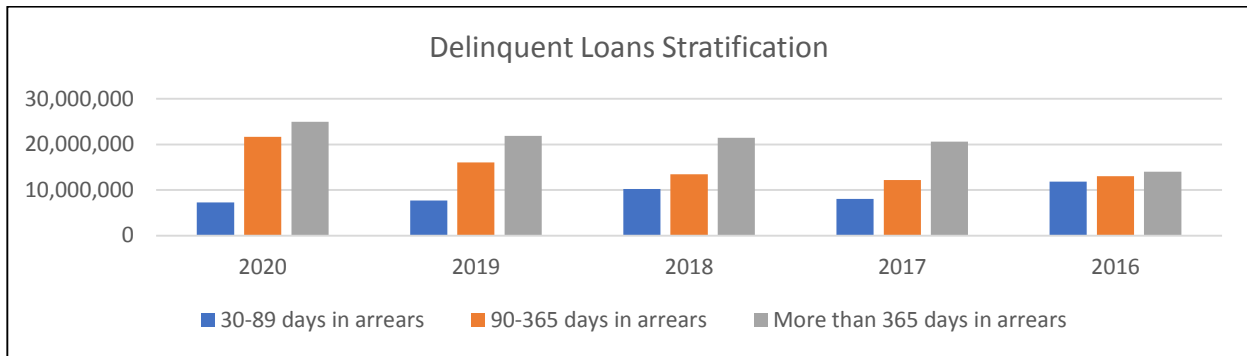


The following Tables summarize the financial and other data on key memo items of the sector from 2016 – 2020 and reflected in Figure 6.

**Table VI - Consolidated Financial and other memo data for the Credit Union Sector from 2016 - 2020 while Table VII shows some secondary data for the sector.**

MEMO ITEMS					
	2020	2019	2018	2017	2016
<b>TOTAL DELINQUENT LOANS</b>	<b>53,920,049</b>	<b>45,703,694</b>	<b>45,132,858</b>	<b>40,862,908</b>	<b>38,952,306</b>
30-89 days in arrears	7,265,628	7,719,573	10,203,489	8,044,534	11,864,701
90-365 days in arrears	21,694,311	16,090,078	13,453,657	12,209,920	13,033,721
More than 365 days in arrears	24,960,110	21,894,043	21,475,712	20,608,454	14,053,884
Total Membership	76,539	71,666	66,389	69,493	63,624
Total Employees	251	250	216	204	165

**Figure 6: Classification of Loan Delinquency for the Sector**



**Table VII - Secondary Data for the Credit Union Sector**

	December 2020	December 2019
No. of Credit Unions (including the National League)	11	11
No. of Branches	22	22
Delinquency Ratio (> 90 days in arrears)	5.8%	5.2%

**Schools Savings Unions**

There were 79 schools Junior Cooperatives involved in savings activities as at December 2020 with total savings amounting to approximately \$1.5 million. An enhanced supervisory programme for Junior Cooperatives in Schools which was instituted in 2017 was expected to continue in effect

in 2020 with emphasis on onsite monitoring, improvement in financial record keeping, reporting and registration. However, due to effect of the covid-19 pandemic, visitation to schools were suspended during the year.

### **Grenada Development Bank - GDB**

As part of GARFIN's approach to effectively regulate and supervise the non-bank financial sector in 2020, enhanced offsite monitoring of the Bank's operations was effected. Quarterly financial reports are submitted by the Bank on prescribed reporting forms to facilitate this monitoring. As at December 31, 2020 GDB held total assets amounting to \$94.2 million with a total loan portfolio of \$78.8 million and surplus of \$627,000.

On an overall basis, the Bank's performance has been creditable and continues to reflect improvement.

### **Grenada Building and Loan Association**

The Grenada Building and Loan Association ("The Association") continued to operate under an elected Board of Directors as approved by the High Court following a period of Judicial Management. The Board continues to make steady progress and has been able to stabilize the operations of the Association as well as relax certain restrictions on withdrawal of shares and deposits based on its overall improvement in liquidity and financial position. Its 2020 financial statements indicated a profit before tax of some \$227,000. In addition, the Board continued lending to its members at favorable interest rates. With the approval of the Court, a representative from GARFIN attended all meetings of the Board as an observer. The majority of the Association's losses in previous years occurred through the demise of British American Insurance Company (BAICO) and Clico International Life Insurance Limited. Therefore, any new distribution of funds made by the Judicial Managers of these companies in the future will contribute to an improvement in the Association's financial position thereby improving the impact on its members.

### **Money Service Businesses (MSBs)**

As at December 31, 2020 there were two companies licenced to conduct money transfer activities in Grenada and six companies licensed to conduct micro lending activities. These were all licenced under the Money Services Businesses (MSB) Act CAP198A. MSB operators are subject to



GARFIN's regulatory procedures including both offsite and onsite supervision as all other regulated entities. In 2020, onsite inspections of the micro lending companies were suspended due to the effect of the covid-19 pandemic and supervisory procedures focused on enhanced offsite monitoring.

Based on data reported to GARFIN, total remittances flowing into Grenada in 2020 through the money transfer operators amounted to EC\$200 million while total outflows amounted to EC\$47 million. There was therefore a net inflow into the country of \$153 million.

GARFIN commenced reporting for the micro lending institutions in 2018 and as at December 31, 2020 the sector recorded total consolidated loans amounting to \$15.4 million compared to \$20.9 million in 2019.

GARFIN intends to have separate legislation to cover micro lending activities in the future.

### **Friendly Societies**

As at December 31, 2020 there were in excess of one hundred societies on the Friendly Societies register most of which were dormant. Following numerous futile efforts made over the past years to ascertain their existence and update records of these societies, consideration is now being given to commence the dissolution process in accordance with the Friendly Societies Act Cap 118. The seven societies that are functional submit annual audited financial statements to GARFIN.

Consistent with GARFIN's approach to enhance supervision of the non-bank financial sector, a risk based supervisory framework will be developed to provide oversight of friendly societies going forward. Consideration is also being given to revise the existing Act, which is considered to be outdated and in need of modernization.

## **OTHER KEY ACTIVITIES**

### **Technical Assistance**

In 2020 GARFIN received technical assistance in various areas from the Caribbean Regional Technical Assistance Centre (CARTAC) in the areas of conducting stress testing and development

of a risk based supervisory framework for credit unions and insurance companies in Grenada. The implementation of stress testing for credit unions is at an advanced stage while that for insurance companies is still under development.

### **Public Awareness**

Presentations were made by staff of GARFIN at several meetings and workshops in 2020 including the following –

- A Regional Webinar hosted by the Caribbean Confederation of Credit Unions (CCCU) and the Cipriani College of Labour & Cooperative Studies (CCLCS) on the topic “*Credit Unions & Covid-19 – Responses of Regional Regulators.*”
- An International Webinar hosted by the International Credit Union Regulators’ Network (ICURN) on the topic “*Regional Perspectives – How the Pandemic is Changing Supervision.*”

Staff of GARFIN attended and addressed the Annual General Meetings of all credit unions and the National League in 2020 which were mostly held virtually for the first time due to the pandemic.

### **Training**

Staff of GARFIN participated in several local and regional training workshops and conferences in 2020 on various topics including –

- An in-house training session was held for technical members of staff on February 24, 2020 on the topic “*Understanding Legal Documents*” conducted by the Law Firm of Lisa Taylor & Co.
- Anti-money laundering (AML)/Combatting the financing of terrorism (CFT) training for licensees under the theme “*Raising Awareness and Reducing Risks – Understanding Emerging Money Laundering Issues in the Region*”. This was held on March 13, 2020 hosted by the Eastern Caribbean Central Bank (ECCB) in collaboration with the Association of Certified Anti-Money Laundering Specialist (ACAMS).



- A remote Workshop for ECCU member territories on the topic *“Implementing COVID-19 Pandemic Stress Scenario Analysis for Insurance Supervisors”*. This workshop was facilitated by Mr. Ralph Lewars (CARTAC Advisor) and Mr. Michael Hafeman (IMF Insurance Stress Testing Expert) on March 26, 2020.
- An online round table discussion on the topic *“Cybersecurity of Remote Work During the Pandemic”*. This discussion was hosted by the International Monetary Fund (IMF) and the Caribbean Regional Technical Assistance Centre (CARTAC) on May 6, 2020.
- The World Bank Risk Based Approach to AML/CFT Supervision and Monitoring training on May 12-13, 2020.
- The Virtual Conference Series of the 6th Annual Conference of the Commonwealth Caribbean Association of Integrity Commission and Anti -Corruption Bodies (CCAICACB) on June 18<sup>th</sup> and 25<sup>th</sup>, 2020. The Series was held under the Theme *“All In: Promoting Integrity, Combating Corruption.”*
- A series of webinars for technical staff relating to the following areas:
  - *“Supervising the New Normal”* held on May 26, 2020 and hosted by the Toronto Centre.
  - *“State of the Caribbean Insurance Market”* held on May 28, 2020 and hosted by A M Best.
  - *“Covid-19 Implications for Insurance Supervisors”* hosted by Access to Insurance Initiative Secretariat (A2ii) through the Caribbean Association of Insurance Regulators (CAIR) on June 18, 2020.
  - *“Virtual AGM Demo Sessions”* hosted by Go Blu Inc. on June 3 and 10, 2020.
  - *“Risk-Based Toolkit Modules 1 & 2”* held on June 17, 24, 29 and July 10 & 16, 2020 hosted by the World Bank and ECCB.
  - *“Pandemic & Digital Currency Workshop”* which included discussions on ECCB’s digital EC currency pilot project held on June 30, 2020.



- “*Deposit Insurance Workshop*” held on July 15, 2020 hosted by the ECCB.
- The following International Financial Reporting Standards (IFRS) online sessions were held between September 21-22, 2020:
  - IFRS 9, 15 and 16
  - IFRS for Small and Medium Size Enterprises (SMES)
- The *Inclusive Insurance Training Program for Insurance Supervisors in CARTAC Member Countries*. This virtual training program was held under the theme “*Advancing Financial Inclusion and Dealing with Climate Risks: Innovation and Proportionality in Insurance.*” The duration of the program was September 28 - October 8, 2020 and was sponsored by Access to Insurance Initiative, International Association of Insurance Supervisors, CARTAC and the Toronto Centre.
- The AML/CFT Webinar Series which was hosted by the ECCB in collaboration with the Association of Certified Anti-Money Laundering Specialists (ACAMS). The series covered different topics on the following dates:
  - September 24, 2020: Part 1- Risk Models
  - October 20, 2020: Part 2 - Combating the Scourge of Human Trafficking: Perspectives on Unique Caribbean Risks; Part 3- Trade Based Money Laundering (TBML)
  - November 19, 2020: Part 4 - Politically Exposed Persons (PEPs); Part 5 - Correspondent Banking
- The Annual Senior Leadership and Management Regional Training Programme hosted by the Integrity Commission of Grenada under the theme “*Towards Accountability and Integrity in the Grenada Public Sector Systems*” during the period October 27-29, 2020.
- A Two-Week Core Curriculum Course in “*Financial Regulation and Supervision*” hosted by the Toronto Centre from November 2 -13, 2020. Topics covered included:
  - Regulation and supervision



- Insurance risk supervision
- Macroprudential surveillance
- Problem institutions, recovery planning and resolution

Two members of staff continued pursuing Masters Degrees with the University of Edinburg in Scotland while one member is pursuing a Degree in Management with the University of the West Indies (UWI). All three staff members received financial support from GARFIN.

## FINANCIAL PERFORMANCE

### Summarized Financial Performance 2018 - 2020

<u>Income Statement</u>	2020	2019	2018
	\$	\$	\$
Gross Income	2,656,832	2,456,505	2,535,708
Total Expenses	(1,803,329)	(1,772,977)	(1,657,503)
<b>Excess of Income over Expenditure</b>	<b>853,503</b>	<b>683,528</b>	<b>878,205</b>

<u>Balance Sheet</u>	2020	2019	2018
	\$	\$	\$
Current Assets	19,839,269	20,525,912	18,673,510
Non-Current Assets	229,806	157,043	92,760
<b>Total Assets</b>	<b>20,069,075</b>	<b>20,682,955</b>	<b>18,766,270</b>

Statutory & Other Deposits	15,304,048	16,835,297	15,721,766
Trade & Other Payables	626,866	563,000	443,374
<b>Total Liabilities</b>	<b>15,930,914</b>	<b>17,398,297</b>	<b>16,165,140</b>
Contributed Capital	1,469,760	1,469,760	1,469,760
Accumulated Surplus	2,668,401	1,814,898	1,131,370
<b>Total Capital &amp; Liabilities</b>	<b>20,069,075</b>	<b>20,682,955</b>	<b>18,766,270</b>

### **Analysis of the Audited Financial Statements – 2020**

GARFIN's financial performance continued to reflect improvement in 2020 due to an increase in net earnings for the year thereby contributing to a more stable financial position. An excess of income over expenditure of \$853,503 was recorded as compared to an excess of \$683,528 in 2019. Gross income increased by 8.1% to \$ 2,656,832 while total expenditure increased slightly by 1.7% to \$1,803,329. The increase in gross income was due to increased collections from the insurance levy and other income realized from interest on investments while the increase in expenses was primarily due to the increase in salary granted to staff and a one-off contribution



made to the Ministry of Education school sanitization programme. The accumulated surplus on the balance sheet (retained earnings) which stood at \$1,814,898 in 2019 has increased to \$2,668,401 thus further improving the financial position after carrying a negative retained earnings balance for many years. The insurance levy accounted for 46.8% of GARFIN's revenue while fees from insurance companies and intermediaries amounted to 28.6% of revenue. These two items accounted for 75.4% of GARFIN'S total revenue as compared to 78.4% in 2019. Credit union fees which were introduced in 2015 amounted to 1.8% of total revenue.

On the expenditure side, there was a marginal increase of 1.7% in total expenses due primarily to the approved increase in salaries and a one-off contribution to the Ministry of Education. Total staff costs accounted for 63.1% of expenditure in 2020 as compared to 65.8% in 2019 while rent amounted to 14.2%. These two items accounted for 77.3% of total expenditure for the year.

On the balance sheet side, total assets on hand at December 31, 2020 amounted to \$20,069,075 as compared to \$20,682,955 in 2019. This reduction of 3% arose from an overall reduction in the amount of statutory insurance funds placed with GARFIN by insurance companies in the form of direct deposits. The statutory insurance funds are held in "safe keeping" and for the most part invested by GARFIN in short term securities and bank deposits. This accounts for the major assets on the balance sheet shown as "loans and receivables financial assets" and "cash and cash equivalents". As a result of the excess recorded for the year of \$853,503, total equity increased from \$3,284,658 to \$4,138,161.

On an overall basis, GARFIN'S financial position continues to be stable. This has ensured that GARFIN remains fully self-financing thus enabling it to continue to focus exclusively on its primary objectives of maintaining public confidence in the financial system, ensuring protection of consumers and financial stability in the non-bank financial sector.

**DIRECTOR OF AUDIT REPORT TO THE HOUSE OF REPRESENTATIVES  
ON THE FINANCIAL STATEMENTS OF GRENADA AUTHORITY FOR THE  
REGULATION OF FINANCIAL INSTITUTIONS  
FOR YEAR ENDED 31 DECEMBER 2020**

Section 9 of the Audit Act CAP. 22A of the Laws Of Grenada permits me as Director of Audit, to delegate my responsibility or power under the Act, other than the responsibility to make a report to the Minister or an appropriate Minister that is to be laid before the House of Representatives, to a professional auditor entitled by law to practice accounting in Grenada.

The Minister shall, not later than seven days after the House of Representatives first meets, after he has receive the report together with the financial statements and the annual report of the Grenada Authority for the Regulation of Financial Institutions (GARFIN), lay it before the House of Representatives. This is in compliance with Section 82(4) of the Constitution of Grenada.

I had delegated my responsibility to PKF Accountants and Business Advisers to conduct the audit of the financial statements of GARFIN in accordance with appropriate auditing standards; I have also delegated my powers to access records and obtain information under Section 19 of the Audit Act CAP. 22A of the Laws of Grenada. I have accepted the audit of GARFIN's financial statements for the period ended 31 December 2020.

***Auditors Opinion***

PKF have audited the financial statements of the Grenada Authority for the Regulation of Financial Institutions, which comprise the Statement of Financial Position at 31 December, 2020 and the Statement of Cash Flows for the year then ended and Notes to the Financial Statements, including a Summary of Significant Accounting Policies.

In their opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SME's).

***Basis for Opinion***

PKF conducted their audit in accordance with International Standards on Auditing (ISAs). Their responsibilities under those standards are further described in the Auditor 's Responsibilities for the Audit of the Financial Statements section of their report. They are independent of the Authority in accordance with the ethical requirements that are relevant to their audit of the financial statements in Grenada and they have fulfilled their other responsibilities in accordance with these requirements. They believe that the audit evidence they have obtained is sufficient and appropriate to provide a basis for their opinion.

**DIRECTOR OF AUDIT REPORT TO THE HOUSE OF REPRESENTATIVES  
ON THE FINANCIAL STATEMENTS OF GRENADA AUTHORITY FOR THE  
REGULATION OF FINANCIAL INSTITUTIONS  
FOR YEAR ENDED 31 DECEMBER 2020  
(Continued)**

***Responsibilities of Management and those charged with governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SME's 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 Authority'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 Authority or to cease operations, or has no alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

***Auditors' Responsibilities for the Audit of the Financial Statements***

PKF objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes their opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with ISAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, they exercise professional judgment and maintain professional scepticism throughout the audit. They 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 evidence that is sufficient and appropriate to provide a basis for their 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.

**DIRECTOR OF AUDIT REPORT TO THE HOUSE OF REPRESENTATIVES  
ON THE FINANCIAL STATEMENTS OF GRENADA AUTHORITY FOR THE  
REGULATION OF FINANCIAL INSTITUTIONS  
FOR YEAR ENDED 31 DECEMBER 2020  
(Continued)**

- 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 Authority'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 relate to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If they conclude that a material uncertainty exists; they are required to draw attention in their auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of their auditor's report. However, future events or conditions may cause the Authority 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.

They communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that they identify during their audit.

  
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Jeanelle Andrew  
DIRECTOR OF AUDIT (AG.)

02 June 2021  
AUDIT OFFICE  
GRENADA

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNMENT OF GRENADA  
ON  
GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS**

***Opinion***

We have audited the financial statements of the Grenada Authority for the Regulation of Financial Institutions, which comprise the statement of financial position at December 31, 2020 and the statement of comprehensive income, statement of changes in equity and statement of 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 respects, the financial position of the Authority as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium sized Entities (IFRS for SME's).

***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Grenada, 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 IFRS for SME's, 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.

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNMENT OF GRENADA  
ON  
GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS  
(continued)**

In preparing the financial statements, management is responsible for assessing the Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance; but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNMENT OF GRENADA  
ON  
GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS  
(continued)**

- 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 Authority'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 Authority 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.

GRENADA  
May 20th, 2021



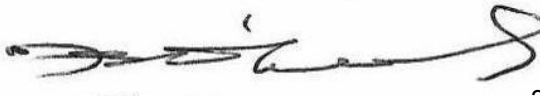
Accountants Business Advisers

**GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS**  
**STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2020**

ASSETS	Notes	<b>2020</b>	2019
<b>Non-Current Assets</b>			
Plant and equipment	4	102,862	81,948
Intangible assets	5	<u>126,944</u>	<u>75,095</u>
		<u>229,806</u>	<u>157,043</u>
<b>Current Assets</b>			
Trade and other receivables	6	54,453	104,140
Loans and receivables financial assets	7	12,108,378	9,939,490
Cash and cash equivalents	8	<u>7,676,438</u>	<u>10,482,282</u>
		<u>19,839,269</u>	<u>20,525,912</u>
<b>TOTAL ASSETS</b>		<u>\$20,069,075</u>	<u>\$20,682,955</u>
<b>EQUITY AND LIABILITIES</b>			
<b>CONTRIBUTED CAPITAL</b>	9	1,469,760	1,469,760
<b>ACCUMULATED SURPLUS</b>		<u>2,668,401</u>	<u>1,814,898</u>
<b>TOTAL EQUITY</b>		<u>4,138,161</u>	<u>3,284,658</u>
<b>Non-Current Liabilities</b>			
Statutory deposits	10	9,453,106	10,971,974
Other Long-term deposits	11	<u>5,004,159</u>	<u>5,016,540</u>
		<u>14,457,265</u>	<u>15,988,514</u>
<b>Current Liabilities</b>			
Trade and other payables	12	626,866	563,000
Capitalisation deposits	13	<u>846,783</u>	<u>846,783</u>
		<u>1,473,649</u>	<u>1,409,783</u>
<b>TOTAL LIABILITIES</b>		<u>15,930,914</u>	<u>17,398,297</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>\$20,069,075</u>	<u>\$20,682,955</u>

The accompanying notes form an integral part of these financial statements

  
 :Director

  
 :Director

**GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Note	<b>2020</b>	2019
<b>INCOME</b>			
Insurance companies			
- Levy		1,242,505	1,148,651
- Registration fees		760,714	780,561
International betting fees		117,080	96,162
Credit Union license fees		48,000	48,000
Money services		71,000	73,385
International business services/registered agents		42,800	71,650
Pension plan		<u>3,000</u>	<u>6,500</u>
		<u>2,285,099</u>	<u>2,224,909</u>
General and administration expenses	16	(1,803,329)	(1,772,977)
Other income	14	<u>371,733</u>	<u>231,596</u>
		<u>(1,431,596)</u>	<u>(1,541,381)</u>
<b>Excess of income over expenditure for the year</b>		<u>\$853,503</u>	<u>\$683,528</u>

The accompanying notes form an integral part of these financial statements

**GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS**

**STATEMENT OF CHANGES IN GOVERNMENT'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Contributed Capital	Accumulated Surplus	Total Equity
Balance at January 1, 2019	1,469,760	1,131,370	2,601,130
Excess of expenditure over income for the year	_____ -	<u>683,528</u>	<u>683,528</u>
Balance at December 31, 2019	1,469,760	1,814,898	3,284,658
Excess of income over expenditure for the year	_____ -	<u>853,503</u>	<u>853,503</u>
Balance at December 31, 2020	<u>\$1,469,760</u>	<u>\$2,668,401</u>	<u>\$4,138,161</u>

The accompanying notes form an integral part of these financial statements

**GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	2019
<b>OPERATING ACTIVITIES</b>		
Excess of income over expenditure for the year	853,503	683,528
Adjustments for:		
Depreciation	<u>35,147</u>	<u>12,754</u>
<b>Operating profit before working capital changes</b>	888,650	696,282
Increase in trade and other receivables	49,687	64,686
Increase in trade and other payables	63,866	119,626
(Decrease)/increase in statutory deposits	(1,518,868)	764,898
(Decrease)/increase in other long-term deposits	<u>(12,381)</u>	<u>348,633</u>
Net cash (used in)/provided by operating activities	<u>(529,046)</u>	<u>1,994,125</u>
<b>INVESTING ACTIVITIES</b>		
Website development	(51,849)	(51,621)
Purchase of plant and equipment	(56,061)	(25,417)
Increase in loans and receivables financial assets	<u>(2,168,888)</u>	<u>(63,921)</u>
Net used in investing activities	<u>(2,276,798)</u>	<u>(140,959)</u>
Net (decrease)/increase in cash and cash equivalents	(2,805,844)	1,853,166
Cash and cash equivalents - at beginning of the year	<u>10,482,282</u>	<u>8,629,116</u>
- at end of the year	<u>\$7,676,438</u>	<u>\$10,482,282</u>

The accompanying notes form an integral part of these financial statements

**GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**1. CORPORATE INFORMATION**

Grenada Authority for the Regulation of Financial Institutions (the “Authority”) was established as a Statutory Body on February 1, 2007 under Act No. 5 of 2006 of the Laws of Grenada. This Act was repealed and replaced with Act No.1 of 2008.

The function of the Authority is to administer and regulate the non-banking financial institutions in Grenada. At year end the Authority employed thirteen (13) persons (2019 - 14).

The principal place of business is River Road, St. George’s.

**2. SUMMARY OF 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 the years presented, unless otherwise stated.

***a) Basis of preparation***

These financial statements have been prepared in compliance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and under the historical cost convention. The financial statements are expressed in Eastern Caribbean Currency Dollars.

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 judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

***b) Plant and equipment***

Plant and equipment and leasehold improvements are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

**GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***b) Plant and equipment***

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

Leasehold improvements	- 50 years
Furniture, fittings and equipment	- 10 years
Computer equipment	- 3 years

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.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at statement of financial position 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. These are included in the statement of comprehensive income.

***c) Intangible assets***

The useful life of the Authority's intangible assets has been assessed as indefinite. It is therefore stated at cost and not amortized. The intangible asset is tested for impairment annually to determine whether the indefinite life is supportive, if not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains and losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognized in the statement of comprehensive income when the asset is de-recognised.

***d) Trade receivables***

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

**GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(continued)**

**2. SUMMARY OF ACCOUNTING POLICIES (continued)**

***d) Trade receivables (continued)***

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor and default or delinquency in payment are considered indicators that the trade receivable is impaired.

***e) Financial assets***

The Authority classifies its investment as loans and receivables which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment.

***f) Cash and cash equivalents***

Cash and cash equivalents includes cash at bank and short-term deposits.

***g) Trade payables***

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less if not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

***h) Foreign currencies***

Foreign currency transactions during the year have been effected at the rates of exchange ruling at the dates of the transactions. Assets and liabilities expressed in foreign currencies are translated to E.C. dollars at the rates of exchange ruling at the end of the financial period. Differences arising from fluctuations in exchange rates are included in income for the period.

**GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(continued)**

**2. SUMMARY OF ACCOUNTING POLICIES (continued)**

*i) Revenue recognition*

Income comprises the fair value of the consideration received for services provided in the ordinary course of the Authority's activities.

Revenue is recognised as follows:

*Fees*

Incorporation fees, licences and annual registration fees are recognised on a cash basis.

*Interest*

Interest income is recognised on an accrual basis.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Authority's reported assets, liabilities, revenues and expenses. There are no such items that may have a material impact on the financial statements.

**GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(continued)**

**4. PROPERTY, PLANT AND EQUIPMENT**

	Leasehold Improvements	Furniture and Equipment	Computer Equipment	Total
<b>Balance at January 1, 2019</b>				
Cost	5,003	124,111	110,703	239,817
Accumulated depreciation	<u>(848)</u>	<u>(86,949)</u>	<u>(82,735)</u>	<u>(170,532)</u>
<b>NET BOOK VALUE</b>	<b><u>\$4,155</u></b>	<b><u>\$37,162</u></b>	<b><u>\$27,968</u></b>	<b><u>\$69,285</u></b>
<b>For the year ended December 31, 2019</b>				
Opening book value	4,155	37,162	27,968	69,285
Additions for the year	-	7,232	18,185	25,417
Depreciation charge for the year	<u>(106)</u>	<u>(6,039)</u>	<u>(6,609)</u>	<u>(12,754)</u>
<b>NET BOOK VALUE</b>	<b><u>\$4,049</u></b>	<b><u>\$38,355</u></b>	<b><u>\$39,544</u></b>	<b><u>\$81,948</u></b>
<b>Balance at December 31, 2019</b>				
Cost	5,003	131,343	128,888	265,234
Accumulated depreciation	<u>(954)</u>	<u>(92,988)</u>	<u>(89,344)</u>	<u>(183,286)</u>
<b>NET BOOK VALUE</b>	<b><u>\$4,049</u></b>	<b><u>\$38,355</u></b>	<b><u>\$39,544</u></b>	<b><u>\$81,948</u></b>
<b>For the year ended December 31, 2020</b>				
Opening book value	4,049	38,355	39,544	81,948
Additions for the year	-	14,146	41,915	56,061
Depreciation charge for the year	<u>(106)</u>	<u>(5,728)</u>	<u>(29,313)</u>	<u>(35,147)</u>
<b>NET BOOK VALUE</b>	<b><u>\$3,943</u></b>	<b><u>\$46,773</u></b>	<b><u>\$52,146</u></b>	<b><u>\$102,862</u></b>
<b>Balance at December 31, 2020</b>				
Cost	5,003	145,489	170,803	321,295
Accumulated depreciation	<u>(1,060)</u>	<u>(98,716)</u>	<u>(118,657)</u>	<u>(218,433)</u>
<b>NET BOOK VALUE</b>	<b><u>\$3,943</u></b>	<b><u>\$46,773</u></b>	<b><u>\$52,146</u></b>	<b><u>\$102,862</u></b>

**GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(continued)**

**5. INTANGIBLE ASSETS**

	<b>2020</b>	2019
Balance at December 31, 2019	<u>\$126,944</u>	<u>\$75,095</u>

The above amount relates to the cost of the Authority's website and new computer software.

**6. TRADE AND OTHER RECEIVABLES**

Trade receivables	30,125	67,265
Accrued interest	5,828	18,375
Security deposits	<u>18,500</u>	<u>18,500</u>
	<u>\$54,453</u>	<u>\$104,140</u>

**7. LOANS AND RECEIVABLES**

Government of St. Lucia – Treasury bills	3,541,062	2,068,950
Ariza Credit Union - Fixed deposits	1,586,764	1,550,450
Grenada Co-operative Bank Limited - Term deposits	1,668,001	2,580,450
Government of Grenada – Treasury bills	2,150,598	2,078,409
RBTT Bank Grenada Limited - Term deposits	511,748	511,231
Insurance Companies - Term deposits	1,150,000	1,150,000
Eastern Caribbean Home Mortgage Bank – Corporate paper	<u>1,500,205</u>	-
	<u>\$12,108,378</u>	<u>\$9,939,490</u>

The above are all held in escrow in lien of statutory deposits.

**GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(continued)**

**8. CASH AND CASH EQUIVALENTS**

	<b>2020</b>	2019
Loans and receivables		
- Government of Grenada – Treasury bills	4,557,486	4,493,825
- Government of St. Lucia – Treasury bills	-	1,499,919
- Government of St. Vincent – Treasury bills	2,494,267	2,493,870
Grenada Co-operative Bank Limited		
- Current account	521,668	1,994,664
Cash on hand	103,000	-
Petty cash	<u>17</u>	<u>4</u>
Cash and cash equivalents in the statement of cash flows	<u>\$7,676,438</u>	<u>\$10,482,282</u>

**9. CONTRIBUTED CAPITAL**

This amount represents the original net value of assets transferred by the Government of Grenada.

**10. STATUTORY DEPOSITS**

These represent a part of the statutory deposits which insurance companies are required to maintain in accordance with Section 22 and 28 of the Insurance Act Cap 150 of the Continuous Revised Edition of the Laws of Grenada. The remainder of the deposits is held by the Accountant General’s office or in investments as prescribed under Schedule II of the Insurance Act and pledged to the Supervisor of Insurance.

**11. LONG-TERM DEPOSITS**

This amount includes deposits made by long-term insurance businesses under Act No. 6 of 2013.

**GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(continued)**

**12. TRADE AND OTHER PAYABLES**

	<b>2020</b>	2019
Prepaid fees	112,500	141,414
Trade payables	14,926	12,142
Other payables	<u>499,440</u>	<u>409,444</u>
	<u><b>\$626,866</b></u>	<u><b>\$563,000</b></u>

**13. CAPITALISATION DEPOSITS**

This amount represents refundable deposits made by Offshore Banks on registration with the Grenada International Financial Services Authority (GIFSA).

**14. OTHER INCOME**

Interest income School savings union	370,318	227,210
Photocopies and stamps	1,215	3,196
	<u>200</u>	<u>1,190</u>
	<u><b>\$371,733</b></u>	<u><b>\$231,596</b></u>

**15. RELATED PARTY TRANSACTIONS**

Key management

Key management comprises directors and senior management of the Authority. Compensation to these individuals was as follows:-

Directors' fees and expenses	46,956	55,267
Salaries and other short-term employee benefits	406,121	455,300

**GRENADA AUTHORITY FOR THE REGULATION OF FINANCIAL INSTITUTIONS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(continued)**

**16. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2020</b>	2019
Salaries, wages and allowances	1,023,025	996,513
NIS contributions	36,213	35,500
Pension contribution	30,002	34,432
Training	15,170	43,043
Other staff cost	10,809	10,000
Uniforms	8,712	14,581
Depreciation	35,147	12,754
Directors' fees	39,600	44,000
Directors' expenses	7,356	11,267
Electricity	30,360	30,360
Audit fees	17,000	12,000
Legal and professional fees	6,209	5,850
Repairs and maintenance - computer equipment	30,504	14,245
- general	6,493	-
Stationery, printing and office expenses	35,083	46,093
Telephone	17,516	19,335
Rent	255,300	255,300
Travel	6,452	25,879
Advertising and promotion	13,638	6,967
Insurance	4,272	4,272
Health insurance	5,426	5,619
Tuition assistance	9,424	4,643
Other fees and expenses	48,856	47,772
Interest - Bank charges	8,692	8,318
- Statutory deposits	62,470	56,472
Subscriptions	39,600	5,993
Workshop	-	21,769
<b>TOTAL EXPENSES</b>	<b><u>\$1,803,329</u></b>	<b><u>\$1,772,977</u></b>