THE ANGUILLA DEVELOPMENT BOARD

Financial Statements

December 31, 2015

(Expressed in Eastern Caribbean Dollars)

The Anguilla Development Board

Financial Statements for the period ended 31 December 2015

Certificate of Audit and Report of the Chief Auditor

Section 59(2) of the Financial Administration and Audit Act (Revised Statutes of Anguilla Chapter F27 as at 15 December 2010) (the Act) permits me, as Chief Auditor, to accept the audit of the accounts and financial statements of a government agency by an independent auditor, if the appointment of the auditor has been approved by me, and the audit of the agency has been performed in accordance with my directions.

After I accept the audit of the accounts and financial statements of a government agency by an independent auditor, Sections 59(6) and (7) of the Act require me to issue a certificate of audit and prepare a report that evidence the acceptance of the audit of the independent auditor, and to send the certificate of audit and report to the government agency, to the minister responsible for the government agency and to the Minister of Finance.

Section 65 of the Act requires the Anguilla Development Board, as a government agency to submit an annual report, including my certificate and report, to the minister responsible for the Board, the Permanent Secretary and the Minister of Finance. The minister responsible for the Board is required to lay the annual report before the House of Assembly.

The appointment of BDO as the independent auditor of the Anguilla Development Board was accepted by me. BDO were directed to undertake their audit in accordance with appropriate auditing standards, and I accept the results of their audit of the Board's financial statements for the year ended 31 December 2015.

As recorded in their Auditors' Report, BDO have audited the financial statements of the Anguilla Development Board, which comprise the statement of financial position as at 31 December 2015 and the related statements of comprehensive income, changes in capital and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The Board's management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. BDO's responsibility is to express an opinion on the financial statements based on their audit.

BDO conducted their audit in accordance with International Standards on Auditing. Those standards require that BDO comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free of material misstatement. An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. BDO consider that the audit evidence they have obtained is sufficient and appropriate to provide a basis for their opinion.

In BDO's opinion the financial statements present fairly, in all material respects, the financial position of the Anguilla Development Board as of 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chief Auditor's report to the House of Assembly

Note 10 to the accounts, shows that at 31 December 2015 the Anguilla Development Board held EC$1,380,909 and $907,526 of cash deposits in the Caribbean Commercial Bank (Anguilla) Limited and the National Bank of Anguilla Limited, respectively;

In August 2013 the National Bank of Anguilla Limited and the Caribbean Commercial Bank (Anguilla) Limited were placed in conservatorship. This Conservatorship ended on 22 April 2016 and the Development Board's deposits were transferred to the newly established bridge bank, the National Commercial Bank of Anguilla Limited (NCBA).

BDO's report on the accounts draws attention to this issue. This does not amount to a qualification of their opinion.

I have no further observations to make on these financial statements.

John Herniman
Chief Auditor
17 November 2016

CONTENTS

AGENCY INFORMATION

PHYSICAL ADDRESS
Airport Road
The Valley
Anguilla
British West Indies

DIRECTORS
Ann Gumbs, Chairperson
John Rogers, Deputy Chairman
Abner Brooks, Director
Fabian Proctor, Director
Shona Proctor, Director
Wycliffe Fahie, Director
Bernie Sasso-Hodge, Director

SECRETARY
Althea Hodge

BANKERS
National Bank of Anguilla Limited- Anguilla
Caribbean Commercial Bank (Anguilla) Limited- Anguilla
Eastern Caribbean Central Bank

SOLICITOR
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Rockfarm
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AUDITORS
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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
The Anguilla Development Board

We have audited the accompanying financial statements of The Anguilla Development Board (the "Development Board"), which comprise the statement of financial position as at December 31, 2015, and the related statements of comprehensive income, changes in capital and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT ***(continued)***

The Board of Directors of
The Anguilla Development Board ***(continued)***

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Development Board as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without qualifying our opinion, we draw attention to note 10 to the financial statements which shows that as at report date, the Development Board held $1,380,989 and $907,526 of cash deposits in the Caribbean Commercial Bank (Anguilla) Limited and National Bank of Anguilla Limited, respectively.

In August 2013, the Caribbean Commercial Bank (Anguilla) Limited and National Bank of Anguilla Limited were placed in Conservatorship. This Conservatorship ended on April 22, 2016 and the Development Board deposits were transferred to the newly established bridge bank, the National Commercial Bank of Anguilla Limited (NCBA).

As at report date, the Development Board held $2,297,959 of cash deposit at the National Commercial Bank of Anguilla Limited. The Development Board is continuously using the cash held with this new bridge bank for its day to day banking activities.

BDO LLC

Chartered Accountants
5th of October 2016
The Valley
Anguilla
British West Indies

THE ANGUILLA DEVELOPMENT BOARD
Statement of Financial Position
As at December 31, 2015

[Expressed in Eastern Caribbean Dollars (EC$)]

	Notes	**2015**	**2014**
Assets			
Cash and cash equivalents	*10*	**2,047,062**	1,267,173
Loans receivable - net	*11*	**27,976,528**	29,935,291
Accrued interest receivable - net	*12*	**508,822**	759,598
Property and equipment - net	*14*	**556,209**	548,289
Other assets	*15*	**318,112**	80,468
Total Assets		**31,406,733**	**32,590,819**
Liabilities and Capital			
Liabilities			
Accrued interest payable		**107,507**	122,158
Accounts payable		**99,256**	136,772
Borrowings	*16*	**10,865,503**	12,380,429
Other liabilities	*15*	**299,654**	15,766
Total liabilities		**11,371,920**	**12,655,125**
Capital			
Government capital contributions		**7,555,698**	7,555,698
Retained earnings		**12,479,115**	12,379,996
Total capital		**20,034,813**	**19,935,694**
Total Liabilities and Capital		**31,406,733**	**32,590,819**

The financial statements on pages 8 to 38 were approved and authorized for issue by the Board of Directors on 5th of October 2016 and were signed on its behalf by:

Ann S. Gumbs
Chairperson

Althea H. Hodge
General Manager/Corporate Secretary

The accompanying notes on pages 8 to 36 are an integral part of these financial statements.

THE ANGUILLA DEVELOPMENT BOARD
Statement of Comprehensive Income
For the Year Ended December 31, 2015

[Expressed in Eastern Caribbean Dollars (EC$)]

	Notes	**2015**	2014
Interest income			
Cash and cash equivalents		**10,430**	9,517
Loans receivable		**2,428,910**	2,646,567
		2,439,340	2,656,084
Interest expense		**(446,576)**	(531,248)
Net interest income		**1,992,764**	2,124,836
Other income	*8*	**64,108**	94,863
Operating income		**2,056,872**	2,219,699
Operating expenses	*9*	**(1,957,753)**	(2,175,714)
Net income		**99,119**	43,985
Other comprehensive income		**-**	-
Total comprehensive income attributable to the Government of Anguilla		**99,119**	43,985

The accompanying notes on pages 8 to 38 are an integral part of these financial statements.

THE ANGUILLA DEVELOPMENT BOARD
Statement of Changes in Capital
For the Year Ended December 31, 2015

[Expressed in Eastern Caribbean Dollars (EC$)]

	2015	2014
Government capital contributions	**7,555,698**	7,555,698
Retained earnings		
Balance at beginning of year	**12,379,996**	12,336,011
Net income	**99,119**	43,985
Other comprehensive income	**-**	-
Balance at end of year	**12,479,115**	12,379,996
Total Capital	**20,034,813**	19,935,694

The accompanying notes on pages 8 to 38 are an integral part of these financial statements.

THE ANGUILLA DEVELOPMENT BOARD
Statement of Cash Flows
For the Year Ended December 31, 2015

[Expressed in Eastern Caribbean Dollars (EC$)]

	Notes	**2015**	2014
Cash flows from operating activities			
Net income		**99,119**	43,985
Adjustments for:			
Interest income		**(2,439,340)**	(2,656,084)
Impairment losses	*13*	**1,003,878**	526,867
Interest expense		**446,576**	531,248
Depreciation	*9,14*	**7,715**	6,651
		(882,052)	(1,547,333)
Decrease/(increase) in:			
Loans receivable	*11*	**2,129,303**	1,749,152
Other assets		**(237,644)**	2,305
Increase/(decrease) in:			
Accounts payable		**(37,516)**	5,406
Other liabilities		**283,888**	2,226
Cash used in operations		**572,549**	211,756
Interest received		**2,199,128**	2,364,445
Net cash provided by operating activities		**2,771,677**	2,576,201
Cash flows from investing activities			
Acquisition of property and equipment	*14*	**(15,635)**	-
Net cash used in investing activities		**(15,635)**	-
Cash flows from financing activities			
Payment of borrowings, net of availment of credit	*16*	**(1,514,926)**	(2,071,369)
Interest paid		**(461,227)**	(548,904)
Net cash used in financing activities		**(1,976,153)**	(2,620,273)
Net increase/(decrease) in cash and cash equivalents		**779,889**	(44,072)
Cash and cash equivalents at beginning of year	*10*	**1,267,173**	1,311,245
Cash and cash equivalents at end of year	*10*	**2,047,062**	1,267,173

The accompanying notes on pages 8 to 38 are an integral part of these financial statements.

1. Reporting entity

The Anguilla Development Board (the "Development Board") is a corporate body established by the Government of Anguilla under the Development Board Act (R.S.A.c.D10).

The principal activity of the Development Board is to assist in the development of Anguilla by providing loans to Anguillian belongers from funds borrowed from the Caribbean Development Board (CDB), Anguilla Social Security Board (SSB) as well as internally generated funds. The Development Board does not accept deposits.

The registered office and principal place of business of the Development Board is located at Airport Road, The Valley, Anguilla, British West Indies.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of measurement

The financial statements of the Development Board have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Eastern Caribbean Dollars (EC Dollars), which is the Development Board's functional and presentation currency. Except as otherwise indicated, all financial information presented in EC Dollars have been rounded to the nearest dollar.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 6.

2. Basis of preparation *(continued)*

(e) Change in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except that the Development Board has adopted the following new and amended IFRS and IFRIC (International Financial Reporting Interpretations Committee) interpretations as of January 1, 2015:

- *IAS 19 Defined Benefit Plans: Employee Contributions – Amendments to IAS 19*
- *IFRS 2 Share-based Payment - Definitions of vesting conditions*
- *IFRS 3 Business Combinations - Accounting for contingent consideration in a business combination*
- *IFRS 8 Operating Segments - Aggregation of operating segments*
- *IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets*
- *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation/amortization*
- *IAS 24 Related Party Disclosures - Key management personnel*
- *IFRS 3 Business Combinations - Scope exceptions for joint ventures*
- *IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)*
- *IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40*

Adoption of these standards and interpretations did not have material effect on the financial position and performance of the Development Board.

3. Significant accounting policies

The accounting policies set out below have been applied consistently by the Development Board to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the Development Board's functional currency at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the Development Board's functional currency at the exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in the foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the Development Board's functional currency at the exchange rate at the date that the fair value was determined.

3. Significant accounting policies *(continued)*

(a) Foreign currency transactions *(continued)*

Foreign currency differences arising from retranslation are recognized in profit or loss except for differences arising on retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(b) Interest income and expense

Interest income and expense are recognized in the profit or loss as they accrue, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset. The effective interest rate is established on initial recognition of the financial asset and is not revised subsequently.

The calculation of the effective interest rate includes all fees, discounts or premiums and directly related transaction costs that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of a financial asset.

Interest income presented in the profit or loss includes interest on cash and cash equivalents and loans receivable valued at amortized cost on an effective interest rate basis.

Interest expense presented in the profit or loss pertains to borrowings.

(c) Other income

Other income includes income from collection of loans previously written off and from appraisal, application and late fees.

Other income that relates to the execution of a significant act is recognized when the significant act has been completed. Late fees are recognized when collected.

(d) Financial instruments

i. Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, loan receivables, accrued interest receivable, borrowings, accrued interest payable and accounts payable.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments that are not fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

3. Significant accounting policies *(continued)*

(d) Financial instruments *(continued)*

ii. Non-derivative financial instruments (continued)

Cash and cash equivalents
Cash and cash equivalents include cash balances on hand, balance with ECCB and highly liquid financial assets with maturities of less than three months, which are subject to insignificant risk of changes in their fair value.

Loans receivables
Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Development Board does not intend to sell immediately or in the near term.

Loans receivable are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method except when the Development Board chooses to carry the loans receivable at fair value through profit or loss.

Accounts payable
Accounts payable are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market and that the Development Board does not intend to sell immediately or in the near term. Subsequent to initial recognition, accounts payable are measured at amortized cost using the effective interest method.

Borrowings
Borrowings are the Development Board's sources of debt funding. Borrowings are initially measured at fair value plus transaction costs, and subsequently measured at their amortized cost using the effective interest method, except, where the Development Board chooses to carry the liabilities at fair value through profit or loss.

Other
Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

(e) Property and equipment

i. Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

3. Significant accounting policies *(continued)*

(e) Property and equipment *(continued)*

i. Recognition and measurement *(continued)*

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal within the carrying amount of property and equipment and are recognized net in profit or loss.

ii. Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Board and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is recognized in profit or loss on the straight line basis over the estimated useful lives of each part of an item of property and equipment. The estimated useful lives for the current and comparative years are as follows:

Leasehold improvements	5 years
Furniture and equipment	3-10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(f) Leases

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease unless otherwise a systematic basis is more representative of the time pattern of the Development Board's benefits.

(g) Impairment

i. Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

3. Significant accounting policies *(continued)*

(g) Impairment *(continued)*

i. Non-derivative financial assets (continued)

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

ii. Non-financial assets

The carrying amounts of the Development Board's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in the profit or loss.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Provisions

A provision is recognized if, as a result of a past event, the Development Board has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3. Significant accounting policies *(continued)*

(i) Employee benefits

i. Retirement benefits

By virtue of the Development Board Act R.S.A.c.D10, the Development Board's retirement benefit is sponsored by the Government of Anguilla under its Pension Scheme for Public Officers. The scheme is a defined contributory state plan which operates under the simple pay-as-you-go basis. Obligations for contributions to the defined contribution state plan are recognized as a pension expense in profit or loss when they are due.

ii. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(j) Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

(k) Subsequent events

Post year-end events that provide additional information about the Development Board's financial position at reporting date (adjusting events) are reflected in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

(l) New standards, amendments to standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations that have been issued but are not yet effective as at December 31, 2015 or not relevant to the Board's operations. These are as follows:

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to IFRSs 2012 – 2014 Cycle)*
- *IFRS 7 Financial Instruments: Disclosures (Annual Improvements to IFRSs 2012–2014 Cycle)*
- *IFRS 9 Financial Instruments (own credit risk provision)*
- *IFRS 10 Consolidated Financial Statements (Amendments – Sale or Contribution of Assets)*

3. Significant accounting policies *(continued)*

(l) New standards, amendments to standards and interpretations not yet adopted *(continued)*

- *IFRS 10, 12 and IAS 28 Investment Entities (Amendments - Applying the Consolidation Exception)*
- *IFRS 11 Joint Arrangements (Amendments – Acquisitions of Interests in Joint Operations)*
- *IFRS 14 Regulatory Deferral Accounts*
- *IFRS 15 Revenue from Contracts with Customers*
- *IAS 1 Presentation of Financial Statements (Amendments – Disclosure Initiative)*
- *IAS 16 Property, Plant and Equipment (Amendments - Acceptable Methods of Depreciation)*
- *IAS 19 Employee Benefits (Annual Improvements to IFRSs 2012 – 2014 Cycle)*
- *IAS 27 Separate Financial Statements (Amendments – Equity Method in Separate Financial Statements)*
- *IAS 34 Interim Financial Reporting (Annual Improvements to IFRSs 2012 – 2014 Cycle)*
- *IAS 38 Intangible Assets (Amendments – Acceptable Methods of Amortisation)*
- *IAS 41 Agriculture (Amendments – Bearer Plants)*
- *IFRS 16 Leases*

The Board is yet to assess the impact of these new upcoming standards. However, management believes that IFRS 9, Financial Instruments will impact the Board's financial statements as at and for the year ending December 31, 2018.

4. Determination of fair values

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

Level 1: Quoted market price (unadjusted) in an active market for an identical measurement.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Financial instruments measured at fair value
All of the Development Board's financial assets and financial liabilities are recorded at amortized cost subsequent to their initial recognition.

5. Financial risk management

(a) Introduction and overview

The Development Board has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Development Board's exposure to each of the above risks, the Development Board's objectives, policies and processes for measuring and managing risk, and the Development Board's management of capital.

Risk management framework

The Board of Directors (the "Board") have overall responsibilities for the establishment and oversight of the Development Board's risk management framework. The Board has assigned the manager and department heads to be responsible in the developing and monitoring Development Board's risk management policies in their specified areas. These officers report regularly to the Board of Directors on their activities.

The Development Board's risk management policies are established to identify and analyze the risks faced by the Development Board, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Board, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board of Directors is responsible for monitoring compliance with the Development Board's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Development Board.

(b) Credit risk

Credit risk is the risk of financial loss to the Development Board if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Development Board's loans receivable portfolio.

5. Financial risk management *(continued)*

(b) Credit risk *(continued)*

Management of credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers. The Board of Directors and the manager are responsible for oversight of the Development Board's credit risk, including:

- Formulating credit policies in consultation with management and staff, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to the manager and loan officer by the Board of Directors as appropriate.

- Reviewing and assessing credit risk. The manager and loan officer assess all credit exposures in excess of designated limits, prior to facilities being committed to customers. Renewals and reviews of facilities are subject to the same review process.

- Limiting concentrations of exposure to counterparties, geographies and industries (for loans receivable) and by issuer, credit rating band and market liquidity.

- Developing and maintaining the Development Board's risk grading in order to categorize exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of three grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grade lies with the manager and loan officer as appropriate. Risk grades are subject to regular reviews by the Board of Directors.

- Reviewing compliance with agreed exposure limits, including those for selected industries and product type. Regular reports are provided to the Board of Directors on the credit quality of local portfolios and appropriate corrective action is taken.

- Providing advice, guidance and specialist skills to promote best practice throughout the Board in the management of credit risk.

5. Financial risk management *(continued)*

(b) Credit risk *(continued)*

Management of credit risk *(continued)*

The manager is required to implement the Development Board's credit policies and procedures, with credit approval authorities delegated from the Board of Directors. The manager is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

Exposure to credit risk

The table below summarizes the Development Board's gross maximum exposure to credit risk without taking into account any collateral held or other credit enhancements attached.

	Notes	2015	2014
On-balance sheet assets			
Cash in bank	*10*	**2,046,612**	1,266,723
Loans receivable	*11*	**30,316,784**	32,446,087
Accrued interest receivable	*12*	**2,344,942**	2,104,730
Other asset	*15*	**243,038**	
		34,951,376	35,817,540
Off-balance sheet items			
Loan commitments	*19*	**654,223**	1,325,825
Total		**35,605,599**	37,143,365

As shown above, 94% (2014: 94%) of the total maximum exposure is derived from loans receivable and related accrued interest receivable from customers.

5. Financial risk management *(continued)*

(b) Credit risk *(continued)*

Exposure to credit risk *(continued)*

The Development Board's credit exposure is categorized according to the creditworthiness of the customers. The table below shows the credit quality of the Development Board's loans receivable based on its internal credit rating system.

	Notes	2015	2014
Carrying amount	11	**27,976,528**	29,935,291
Individually impaired			
Current		**261,753**	-
01 – 60 days past due		**-**	-
61 – 90 days past due		**-**	-
Over 90 days past due		**6,711,021**	6,149,692
Gross amount		**6,972,774**	6,149,692
Less allowance for impairment	13	**(2,122,997)**	(2,147,626)
Carrying amount		**4,849,777**	4,002,066
Collectively impaired			
Current		**14,344,393**	16,051,691
01 – 60 days past due		**4,849,451**	5,424,639
61 – 90 days past due		**276,014**	274,275
Over 90 days past due		**3,874,153**	4,545,790
Gross amount		**23,344,011**	26,296,395
Less allowance for impairment	13	**(217,260)**	(363,170)
Carrying amount		**23,126,751**	25,933,225
Total carrying amount	11	**27,976,528**	29,935,291

Impaired loans
Impaired loans are loans for which the Development Board determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreements.

5. Financial risk management *(continued)*

(b) Credit risk *(continued)*

Exposure to credit risk *(continued)*

Past due but not impaired loans
Past due but not impaired loans are loans where contractual interest or principal payments are past due but the Development Board believes that impairment is not appropriate on the basis of the level of security or collateral available and/or the stage of collection of amounts owed to the Development Board.

Allowance for impairment losses
The Development Board establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance is the specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy
The Development Board writes off a loan balance (and any related allowances for impairment losses) when the Board of Directors determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, charge off decisions generally are based on product-specific past due status.

Collateral held as security
The Development Board requires collateral against credit facilities. Collateral is usually in the form of land and building, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are updated on a regular interval.

5. Financial risk management *(continued)*

(b) Credit risk *(continued)*

Exposure to credit risk *(continued)*

Concentration risk

The Development Board monitors concentrations of credit risk by sector and by geographical location. Economic sector risk concentrations within the customer loan portfolio were as follows:

	2015			2014
	Amount	**%**	Amount	%
Personal – home construction and renovation	**11,749,064**	**38.75%**	13,080,306	40.31%
Education	**12,040,497**	**39.72%**	12,215,619	37.65%
Tourism	**2,823,384**	**9.31%**	3,104,589	9.57%
Fisheries	**1,393,991**	**4.60%**	1,405,299	4.33%
Professional and other services	**576,776**	**1.90%**	741,464	2.29%
Distributive trade	**644,093**	**2.12%**	657,793	2.03%
Transportation and storage	**557,942**	**1.84%**	599,520	1.85%
Personal – others	**399,069**	**1.32%**	477,642	1.47%
Entertainment and catering	**75,150**	**0.25%**	105,194	0.32%
Agriculture	**56,818**	**0.19%**	58,661	0.18%
	30,316,784	**100.00**	32,446,087	100.00

Concentration by location for loans receivable is measured based on the location of the borrower. As at December 31, 2015 and 2014, all loans are primarily released to Anguillian customers.

(c) Liquidity risk

Liquidity risk is the risk that the Development Board will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

The Development Board's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Development Board's reputation.

5. Financial risk management *(continued)*

(c) Liquidity risk *(continued)*

Management of liquidity risk *(continued)*

The Board assesses information regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. It then maintains a portfolio of short-term liquid assets, largely made up of cash in bank to ensure that sufficient liquidity is maintained by the Development Board.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Board of Directors. A summary report, including any exceptions and remedial action taken, is submitted regularly to the Board of Directors.

Exposure to liquidity risk

The Development Board's residual contractual maturities (representing undiscounted contractual cash flows) of financial liabilities as at December 31, 2015 and 2014 are as follow:

	Carrying amount	Gross nominal Outflow	Less than 1 month	1 - 3 months	3 months to 1 year	1- 5 years	More than 5 years
December 31, 2015							
Accrued interest payable	107,507	107,507	107,507	-	-	-	-
Accounts payable	99,256	99,256	99,256	-	-	-	-
Borrowings	10,865,503	12,770,530	491,749	436,383	863,359	7,527,429	3,451,610
	10,964,759	12,869,786	591,005	436,383	863,359	7,527,429	3,451,610
December 31, 2014							
Accrued interest payable	122,158	122,158	122,158	-	-	-	-
Accounts payable	136,772	136,772	136,772	-	-	-	-
Borrowings	12,380,429	15,933,414	638,013	659,724	946,874	8,761,117	4,927,686
	12,639,359	16,192,344	896,943	659,724	946,874	8,761,117	4,927,686

5. Financial risk management *(continued)*

(d) Market risk

Management of market risk

Overall authority for management of market risk is vested in the Board of Directors. The Board of Directors is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation. The Development Board's exposure to market risk arises from its non-trading portfolios.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is affected where there is a mismatch between interest-earning assets and interest-bearing liabilities, which are subject to interest rate adjustments within a specified period.

The Development Board minimizes interest rate risk through lending monies to customers carrying fixed rate interest financed by fixed rate long term borrowings, which are specifically earmarked to finance projects in different sectors. Further, the Development Board has the option to vary the stipulated rate of interest after having given the borrower at least three months notice in writing.

Interest rate risk is managed principally through monitoring interest rate gaps. A summary of the Development Board's interest rate gap position is as follows:

	31 December 2015				
	Effective Interest Rate	Total	12 months or less	1-5 years	More than 5 years
Cash in bank	1% - 1.25%	2,046,612	2,046,612	-	-
Loans receivable	6% - 11%	30,316,784	2,933,199	8,310,320	19,073,265
		32,363,396	4,979,811	8,310,320	19,073,265
Borrowings	2% - 6%	(10,865,503)	(1,363,347)	(5,838,169)	(3,663,987)
Total interest re-pricing gap		21,497,893	3,616,464	2,472,151	15,409,278

5. Financial risk management *(continued)*

(d) Market risk *(continued)*

Interest rate risk *(continued)*

December 31, 2014					
	Effective Interest Rate	Total	12 months or less	1-5 years	More than 5 years
Cash in bank	1% - 1.25%	1,266,723	1,266,723	-	-
Loans receivable	6% - 11%	32,446,087	2,697,312	6,911,877	22,836,898
		33,712,810	3,964,035	6,911,877	22,836,898
Borrowings	2% - 6%	(12,380,429)	(1,771,240)	(6,044,290)	(4,564,899)
Total interest re-pricing gap		21,332,381	2,192,795	867,587	18,271,999

At the reporting date, the Development Board does not have financial instruments that are subject to variable rates. The interest rate profile of the Development Board's fixed interest bearing financial instruments follows:

	Effective Interest Rate	**2015**	2014
Financial assets	1% - 11%	**32,363,396**	33,712,810
Financial liabilities	2% - 6%	**(10,865,503)**	(12,380,429)
		21,497,893	21,332,381

Fair value sensitivity analysis for fixed rate instruments

The Development Board neither have any fixed rate financial assets and liabilities at fair value through profit or loss, nor designated derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

5. Financial risk management *(continued)*

(d) Market risk *(continued)*

Foreign currency risk *(continued)*

The Development Board incurs foreign currency risk on transactions that are denominated in a currency other than the functional currency, the EC Dollars. There is no exposure to foreign currency risk in respect of the United States Dollars because the EC Dollars is pegged at EC$2.70 for US$1. As at December 31, 2015 and 2014, the Development Board does not have any financial asset or financial liabilities denominated in foreign currencies that could expose it to significant foreign currency risk.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Development Board's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Board's operations and are faced by all business entities.

The Development Board's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Board's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Board of Directors. This responsibility is supported by the development of overall Board's standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risk faced and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when this is effective.

5. Financial risk management *(continued)*

(f) Capital management

The Development Board's objectives when managing capital, which is a broader concept that the "Government capital contributions" on the face of the statement of financial position, are:

- To safeguard the Development Board's ability to continue as a going concern so that it can continue to provide returns and benefits; and
- To maintain a strong capital base to support the development of its business.

The Board is not subject to externally imposed capital requirements.

6. Critical accounting estimates and judgments

The Development Board makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experiences and other facts, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. Impairment losses on loans receivable
Assets accounted for at amortised cost are evaluated for impairment on the basis described in note 3 (g) (i).

The rate of return used in computing for the forced sale value of the loan collateral is based on management's estimate of the actual cash to be received upon liquidation of the collateral. Any changes in this assumption will impact the allowance for impairment losses from the Board's loans receivable.

The carrying value of loans receivable as at December 31, 2015 and 2014 is presented in note 11.

b. Estimated useful lives of property and equipment
The Development Board estimates useful lives of property and equipment assets on the period over which the individual assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence. The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. As at December 31, 2015 and 2014, the carrying value of property and equipment is presented in note 14.

6. Critical accounting estimates and judgments *(continued)*

c. Determination of fair values of financial instruments

The Development Board determines the fair value of financial instruments that are not quoted, using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realized immediately.

The methods and assumptions applied, and the valuation techniques used, as disclosed in below and presented in note 7.

- The fair value of cash and cash equivalents, accrued interest receivable, accrued interest payable and accounts payable are assumed to approximate their carrying values due to their short term nature.
- The estimated fair values of loans receivable are determined by discounting contractual future cash flows, over the remaining term to maturity, at the market effective interest rates.
- The estimated fair values of borrowings are determined by discounting contractual future cash flows, over the remaining term to maturity, at the market effective interest rates.

7. Accounting classification and fair values

The table below sets out the Development Board's classification of each class of financial assets and liabilities, and their fair values as at December 31, 2015 and 2014:

				December 31,2015				
	Notes	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	*10*	-	-	-	-	2,047,062	2,047,062	2,047,062
Loans receivable - net	*11*	-	-	27,976,528	-	-	27,976,528	23,205,113
Accrued interest receivable - net	*12*	-	-	508,822	-	-	508,822	508,822
		-	-	28,485,350	-	2,047,062	30,532,412	25,760,997
Accrued interest payable		-	-	-	-	107,507	107,507	107,507
Accounts payable		-	-	-	-	99,256	99,256	99,256
Borrowings	*15*	-	-	-	-	10,585,503	10,585,503	11,233,888
		-	-	-	-	10,792,266	10,792,266	11,440,651

7. Accounting classification and fair values *(continued)*

		December 31, 2014						
	Notes	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	*10*	-	-	-	-	1,267,173	1,267,173	1,267,173
Loans receivable – net	*11*	-	-	29,935,291	-	-	29,935,291	34,443,689
Accrued interest receivable – net	*12*	-	-	759,598	-	-	759,598	759,598
		-	-	30,694,889	-	1,267,173	31,962,062	36,470,460
Accrued interest payable		-	-	-	-	122,158	122,158	122,158
Accounts payable		-	-	-	-	136,772	136,772	136,772
Borrowings	*15*	-	-	-	-	12,380,429	12,380,429	12,380,429
		-	-	-	-	12,639,359	12,639,359	12,639,359

(a) Cash and cash equivalents
Due to the short-term nature of the transactions, the fair value of cash and cash equivalents approximates the carrying value as at the reporting date.

(b) Loans receivable
The fair value of loans receivable is equivalent to the present value of the estimated future cash flows, discounted at the market rate of interest as at the reporting date.

(c) Accrued interest receivable
Due to the short-term nature of the transactions, the fair value of accrued interest receivables approximates the carrying value as at the reporting date.

(d) Borrowings
The fair value of borrowings is equivalent is equivalent to the present value of the estimated future cash flows, discounted at the market rate of interest as at the reporting date ranging from 6.70% per annum to 7.68% per annum. These rates represent interest rates of similar debts issued in the Caribbean with terms ranging from 2 years to a maximum of 16 years.

(e) Accrued interest payable
Due to the short-term nature of the transactions, the fair value of accrued interest payable approximates the carrying value as at the reporting date.

(f) Accounts payable
Due to the short-term nature of the transactions, the fair values of accounts payable approximate their carrying value as at the reporting date.

8. Other income

	2015	2014
Late fees	**34,650**	42,975
Recovery of accounts written off	**19,628**	42,858
Appraisal fees	**8,550**	7,550
Other	**1,280**	1,480
	64,108	94,863

9. Operating expenses

	Notes	**2015**	2014
Salaries and wages	*18*	**870,161**	889,732
Impairment losses	*13*	**320,449**	526,867
Repairs and maintenance		**224,956**	216,816
Director's allowances	*18*	**118,800**	118,800
Lease	*17*	**96,000**	96,000
Professional and corporate fees		**89,430**	86,047
Other employee benefits		**84,996**	78,111
Utilities		**51,716**	57,919
Pension expense		**26,412**	26,353
Training and seminar		**18,744**	16,138
Donation		**10,017**	7,863
Depreciation	*14*	**7,715**	6,552
Advertising		**4,910**	13,124
Other		**33,447**	35,392
		1,957,753	2,175,714

The breakdown of personnel as at December 31, 2015 and 2014 follows:

	2015	2014
Management	**3**	3
Non-management	**7**	7
	10	10

10. Cash and cash equivalents

	2015	2014
Cash on hand	**450**	450
Cash in bank	**2,046,612**	1,266,723
	2,047,062	1,267,173

As at year-end, the Development Board held $1,380,989 and $907,526 of cash in the Caribbean Commercial Bank (Anguilla) Limited and National Bank of Anguilla Limited, respectively. Cash held with Caribbean Commercial Bank (Anguilla) Limited includes revolving fund for the Government Get Set Programme amounting to $243,038 (Note 15).

11. Loans receivable – net

	Note	**2015**	2014
Funded by CDB borrowings		**12,430,291**	13,784,546
Funded by SSB borrowings		**946,194**	1,240,558
Funded by Board's fund		**16,903,338**	17,420,983
Funded by Government Get Set Programme		**36,962**	-
		30,316,785	32,446,087
Less allowance for impairment losses	*13*	**(2,340,257)**	(2,510,796)
		27,976,528	29,935,291

12. Accrued interest receivable - net

	Note	**2015**	2014
Performing			
Funded by CDB borrowings		**21,585**	4,717
Funded by SSB borrowings		**1,183**	1,709
Funded by Board's fund		**40,655**	55,935
		63,423	62,361
Non-performing			
Funded by CDB borrowings		**1,541,110**	1,337,909
Funded by SSB borrowings		**158,299**	175,197
Funded by Board's fund		**582,110**	529,263
		2,281,519	2,042,369
		2,344,942	2,104,730
Less allowance for impairment losses	*13*	**(1,836,120)**	(1,345,132)
		508,822	759,598

13. Allowance for impairment losses

	Notes	**2015**	2014
Balance at beginning of year			
Loans receivable		**2,510,796**	2,238,169
Accrued interest receivables		**1,345,132**	1,090,892
		3,855,928	3,329,061
Impairment loss			
Loans receivable		**(170,539)**	272,627
Accrued interest receivables		**490,988**	254,240
	9	**320,449**	526,867
Balance at end of year			
Loans receivable	*11*	**2,340,257**	2,510,796
Accrued interest receivables	*12*	**1,836,120**	1,345,132
		4,176,377	3,855,928

Allowance for impairment loss on loans receivable is categorized as follows:

	2015	2014
Individual	**2,122,997**	2,147,626
Collective	**217,260**	363,170
	2,340,257	2,510,796

14. Property and equipment - net

	Land	Leasehold improvements	Furniture and equipment	Total
Cost				
December 31, 2014	534,600	130,755	395,593	1,060,948
Acquisitions	-	-	-	-
December 31, 2014	534,600	130,755	395,593	1,060,948
Acquisitions	-	-	15,635	15,635
December 31, 2015	**534,600**	**130,755**	**411,228**	**1,076,583**
Accumulated depreciation				
December 31, 2014	-	130,755	375,253	495,241
Depreciation	-	-	6,651	6,651
December 31, 2014	-	130,755	381,904	512,659
Depreciation (*note 9*)	-	-	7,715	7,715
December 31, 2015	**-**	**130,755**	**389,619**	**520,374**
Carrying amount				
December 31, 2014	534,600	-	13,689	548,289
December 31, 2015	**534,600**	**-**	**21,609**	**556,209**

15. Other assets and liabilities

	Notes	**2015**	2014
Other assets			
Restricted fund – Get Set Programme	*10*	**243,038**	-
Prepayments		**45,093**	44,278
Other receivables		**29,981**	36,190
		318,112	80,468
Other liabilities			
Get Set Programme advances		**280,000**	-
Other payables		**19,654**	15,766
		299,654	15,766

15. Other assets and liabilities *(continued)*

The Get Set Programme is an agreement between the Department of Youth and Culture and the Development Board to create a revolving loan facility for the purpose of assisting and empowering youth who aim to establish their own business and be entrepreneurs. A total of $280,000 restricted fund was disbursed to the Development Board during the year for the purpose of loaning out to qualified borrowers as defined in the signed memorandum of understanding between the Board and the Department of Youth and Culture, Ministry of Social Development, Government of Anguilla.

The Fund is not subject to interest and repayment terms but may be terminated by either party by giving the other party no less than three (3) months written notice. On termination, any loan amounts outstanding shall continue to be due and payable and the balance of the loan funds will be returned to the Government.

During the year, the Development Board release a total of $36,962 worth of loans. This is recorded under loan receivable as disclosed in Note 11. Total interest income earned by the Development Board during the year amounted to $37.

16. Borrowings

	Notes	**2015**	2014
Borrowings from CDB			
Third line of credit (Loan No. 2/SFR-OR-ANL)	*15.1*	**51,713**	258,563
Fourth line of credit (Loan No. 5/SFR-OR-ANL)	*15.2*	**1,058,677**	1,417,300
Fifth line of credit (Loan No. 7/SFR-OR-ANL)	*15.3*	**9,395,113**	10,164,566
		10,505,503	11,840,429
Borrowings from SSB	*15.4*	**360,000**	540,000
		10,865,503	12,380,429

All of the Board's borrowings are unsecured but guaranteed by the Government of Anguilla.

The current and non-current portions of the borrowings are as follows:

	2015	2014
Current	**1,410,720**	1,771,240
Non-current	**9,454,783**	10,609,189
	10,865,503	12,380,429

16. Borrowings *(continued)*

16.1 The third line of credit pertains to the loan drawn on March 31, 1996 in the original amount of EC$8,100,000 (US$3,000,000) coming from the SFR (EC$4,050,000) of CDB. This loan is payable in quarterly instalments, after five years from the date of drawdown. The SFR portion of this loan carries an interest rate of 4% per annum and matured on December 31, 2015.

The current and non-current portions of this loan are as follows:

	2015	2014
Current	**51,713**	206,850
Non-current	**-**	51,713
	51,713	258,563

16.2 The fourth line of credit pertains to loan which was obtained in the original amount of EC$7,659,900 (US$2,837,000) coming from the SFR (EC$2,124,900) and OCR (EC$5,535,000) of CDB. The SFR portion of this loan was drawn on January 1, 2001 and is repayable in quarterly instalments, after five years from the date of drawdown. This portion of the loan carries an interest rate of 4.00% per annum and will mature on September 30, 2025. The OCR portion of this loan was drawn on July 1, 2001 and is payable in quarterly instalments, after three years from the date of drawdown. This portion of the loan carries an interest rate of 4% per annum and matured on March 30, 2015.

	2015	2014
SFR portion	**1,058,677**	1,164,545
OCR portion	**-**	252,755
	1,058,677	1,417,300

The current and non-current portions of this loan are as follows:

	2015	2014
Current	**105,868**	358,623
Non-current	**952,809**	1,058,677
	1,058,677	1,417,300

16. Borrowings *(continued)*

16.3 The fifth line of credit consists of the following:

	2015	2014
SFR portion	**810,000**	506,313
OCR portion	**8,585,113**	9,658,253
	9,395,113	10,164,566

On May 30, 2006, the Development Board entered into a loan agreement (Fifth Consolidated Line of Credit) with CDB amounting to EC$13,500,000 (US$5,000,000) consisting of the SFR portion (US$300,000) and OCR portion (US$4,700,000). In 2015, an additional amount was drawn of EC$814, 720 (2013: EC$1,670,564), payable in quarterly instalments after five years from the date of drawdown. The loan carries 3.95% - 4% and 4% - 6.3% per annum of interest for SFR and OCR, respectively. The loans will mature on April 2, 2023 and October 31, 2022, respectively.

The current and non-current portions of this loan are as follows:

	2015	2014
Current	**1,073,139**	1,025,766
Non-current	**8,321,974**	9,138,800
	9,395,113	10,164,566

16.4 This represents borrowing of EC$2,700,000 which was drawn on December 29, 1997 and will mature on October 31, 2017. This loan is payable in quarterly instalments, after five years from date of drawdown and carry 6% interest per annum.

The current and non-current portions of this loan are as follows:

	2015	2014
Current	**180,000**	180,000
Non-current	**180,000**	360,000
	360,000	540,000

17. Operating lease

The Development Board incurred rent expense of EC$96,000 during the year ended December 31, 2015 (2014: EC$96,000). The Development Board did not sign any contract of lease for the continued use of the office space but agreed through oral agreement to pay monthly rent of EC$8,000 for the succeeding year.

18. Related party transactions

The Development Board's significant related party transactions are summarized below:

Loans receivable to related parties

	Interest rates	**2015**	**2014**
Loans receivable from directors	**6% - 10%**	**320,270**	210,399
Loans receivable from employees	**6.5% - 10%**	**1,333,662**	1,737,100
		1,653,932	1,947,499

The loans receivable to directors and employees are secured by property mortgages.

Remuneration to directors and executive staff follows:

	2015	2014
Directors' allowances	**118,800**	118,800
Executive staff salaries and pension	**429,296**	435,659
	548,296	554,459

19. Commitments and contingencies

Commitments
Customer loans approved by the Development Board but not disbursed amounted to EC$654,223 as at December 31, 2015 (2014: $1,325,825).

Contingencies
By virtue of the Development Board Act R.S.A.c.D10, the Development Board's retirement benefit is sponsored by the Government of Anguilla under its Pension Scheme for Public Officers. The scheme is a defined contributory state plan which operates under the simple pay-as-you-go basis. Obligations for contributions to the defined contribution state plan are recognized as a pension expense in profit or loss when they are due.

19. Commitments and contingencies *(continued)*

Contingencies (continued)
In 2013, the Government of Anguilla is requesting refund for pensions amounting to $591,916 accruing from prior years to reporting date paid by the latter to two former employees of the Government of Anguilla who were seconded to the Development Board. The Development Board believes that such charges are not the responsibility of the Development Board and is contesting these charges as at report date. As at December 31, 2015, the total pension amounted to $735,526 (2014: $663,721). Both amounts were not recorded in the Development Board's financial statements as at December 31, 2015 and 2014.

20. Subsequent events

Resolution of the National Bank of Anguilla Limited (NBA) and the Caribbean Commercial Bank (Anguilla) Limited Conservatorship (CCB)

On the 22nd of April 2016, the Chief Minister of Anguilla issued the statement on the resolution of the National Bank of Anguilla Limited and the Caribbean Commercial Bank (Anguilla) Limited conservatorship. Extract of the Chief Minister statement follows:

"After careful and comprehensive analyses of the challenges that were affecting the operations of the CCB and the NBA, the Monetary Council and the Government of Anguilla agreed that discontinuing the operations of the banks was the best option for safeguarding the deposits which were held at the banks. The Government of Anguilla and the ECCB supported by the IMF, The World Bank and CDB devised a plan so that domestic deposits will be protected following the resolution. The plan involved:

(1) Good assets and matching deposit liabilities up to a threshold of approximately EC$2.8m from both CCB and NBA to be transferred to a bridge bank, the newly established National Commercial Bank of Anguilla (NCBA);

(2) Deposit liabilities over the EC$2.8m threshold from both banks to be transferred to a Deposit Protection Trust (DPT).

As part of the resolution process, the ECCB has appointed Mr. Gary Moving as Receiver for both CCB and NBA. Mr. Moving served as conservator at the CCB during the period of conservatorship.

The Government of Anguilla is of the view that the Deposit Protection Trust is the best alternative method because it fully protects customer deposits. This fits with our principle objective. The alternative to being placed in the DPT is to be placed in the receivership. In the receivership, claim holders are only entitled to proceeds from the liquidation of non-performing loans based on their position in the hierarchy of claims as established by the Banking Act."

20. Subsequent events *(continued)*

Resolution of the National Bank of Anguilla Limited (NBA) and the Caribbean Commercial Bank (Anguilla) Limited Conservatorship (CCB) *(continued)*

As a result of the above resolution, the Development Board deposits were transferred to the newly established bridge bank, the National Commercial Bank of Anguilla Limited (NCBA). The Development Board is continuously using the cash held with this new bridge bank for its day to day banking activities.