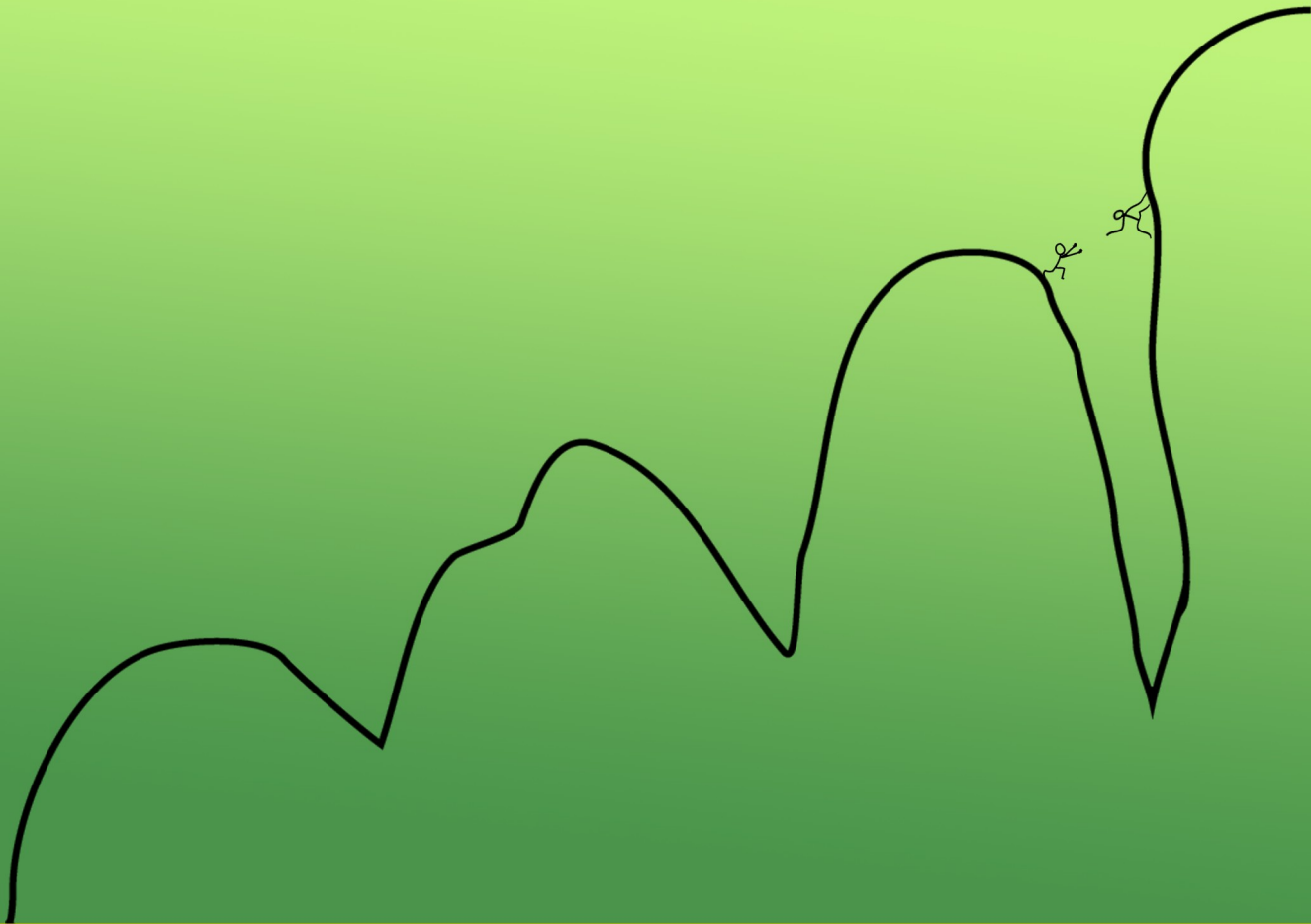




# **KINGSTOWN CO-OPERATIVE CREDIT UNION**

## **52<sup>ND</sup> ANNUAL GENERAL MEETING**



Reports and Accounts 2013

**“Resilience”**

Peace Memorial Hall - 28th April, 2014 - 4:30 p.m.

## **BOARD OF DIRECTORS**



Jerome De Shong, President



Colin John, Vice President



Harvey Farrell, Treasurer



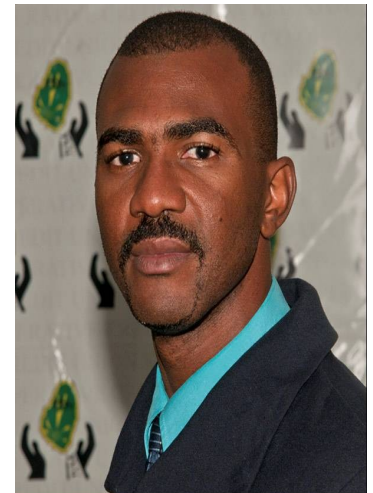
Susan Clarke, Secretary



Phyllis Allen-James, Director



Telbert Samuel, Director



Gillon Frederick, Director

## **MANAGEMENT COMMITTEE**



**Supervisory Committee:** Elsworth Abbott, Nicolette Balcombe-Dalton, Gale Thorpe  
**(missing):** Rohan Providence and Christo Primus



**Education Committee:** Lecia Quow, Laura Smart, Dominic White, Marcelle Burgin **(missing):** R.Yorke



**Credit Committee:** Terral Mapp, Cynthia Hope-Browne, Alston Scott, Angelita Miller, Bernard John



## STAFF



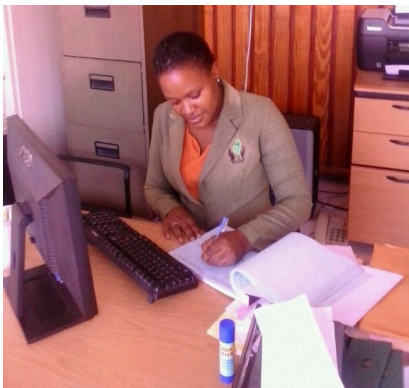
**Judith Seaman,  
Employee of the year**



**Award for creativity and  
innovation**



**Award for life long learner**



**Shirlon Ashton, Canouan**



**Award for communication and most  
spirited employee**



**Award for Excellent Service**





## **STANDING ORDERS**

1. a. A member to stand when addressing the Chair.  
b. Speeches to be clear and relevant to the subject before the meeting.
2. A member shall only address the meeting when called upon by the Chairman to do so, after which he/she shall immediately take his or her seat.
3. No member shall address the meeting except through the Chairman.
4. A member shall not speak on the subject twice except:
  - a. The Mover of a motion – who has the right to reply.
  - b. He/she rises to object or explain (with the permission of the Chair).
5. The Mover of a Procedural Motion – (Adjournment lay on the table, Motion to Postpone) to have no right to reply.
6. No speeches to be made after the “Question” has been put and carried or negated.
7. A member rising on a “Point of Order” to state the point clearly and concisely. (A “Point of Order” must have relevance to the “Standing Orders”).
8. a. Member should not “Call” another member ‘To Order’ but may draw the attention of the Chair to a (“Breach of Order”).  
b. In no event shall a member call the Chair to order.
9. A “Question” should not be put to the vote if a member desires to speak on it or move an amendment to it except, that a Procedural Motion, the “Previous Question”.
10. “Proceed to the next Business” or the Closure: “That the Question be Now Put”, may be moved at any time.
11. When a motion is withdrawn any amendment to it falls.
12. The Chairman to have the right to a “Casting Vote”.
13. If there is equality of voting on an amendment, and if the Chairman does not exercise his casting vote, the amendment is “lost”.
14. Provision to be made for protection by the Chairman from vilification (Personal Abuse).
15. No member shall impute improper motives against another member.

**NOTICE AND AGENDA OF THE 52nd ANNUAL GENERAL MEETING**

Notice is hereby given that the 52nd Annual General Meeting of the Kingstown Co-operative Credit Union Limited is scheduled to be held on Monday, April 28, 2014, at the Peace Memorial Hall, Kingstown at 4:30 pm.

**AGENDA**

**OPENING SESSION**

1. Ascertainment of Quorum
2. Call to Order and Welcome
3. Prayer
4. National Anthem
5. Credit Union Song
6. Apologies for Absence
7. Silent Tribute
8. Greetings

**BUSINESS SESSION**

1. Call to Order
2. Adoption of Standing Orders
3. Minutes of the 51st Annual General Meeting
  - (a) Amendments and Confirmation
  - (b) Matters arising from the Minutes
4. Reports – Presentation and Adoption
  - (a) Board of Directors
  - (b) Treasurer and Auditor
  - (c) Credit Committee
  - (d) Supervisory Committee
  - (e) Education Committee
5. Election of
  - (a) Officers
  - (b) Auditors
6. New Business
7. Adjournment

Co-operatively yours



Sis. Ingrid Susan Clarke  
**Secretary**



CREDIT UNION PRAYER

LORD, Make me an instrument of thy peace Refrain

Where there is hatred, Let me sow Love,  
Where there is injury Pardon;  
Where there is doubt Faith;  
Where there is despair Hope;

Where there is darkness Light;  
Where there is sadness Joy.

O divine Master, grant that I  
may not so much seek  
To be consoled, as to console;  
To be understood, as to understand;  
To be loved, as to love;  
For it is in giving, that we receive;  
It is in pardoning, that we are pardoned;  
It is in dying, that we are born to eternal life,

Bless, O Lord our deliberations and  
grant that whatever  
We may say and do will have Thy  
blessing and Guidance through  
Jesus Christ our Lord.

Amen.

THE NATIONAL ANTHEM OF  
ST.VINCENT AND THE  
GRENADINES

St Vincent, Land so beautiful  
With Joyful hearts we pledge to thee  
Our Loyalty and Love and Vow  
To keep you ever free.

Hairoun Our fair and Blessed Isles  
Your mountains high so clear and green  
Are home to me though I may stray  
A haven calm serene.

Our little sister Islands are  
Those gems, the lovely Grenadines  
Upon their seas and golden sands  
The sunshine ever beams.

Whate'er the future brings  
Our faith will see us through  
May peace reign from shore to shore  
And God bless and keep us true

BROTHERS IN CO-OPERATION

Men and Women of the nation,  
Join us in co-operation  
For our social elevation  
Hasten to the call  
The present is the time for action  
Let no selfish class or faction  
Here among you spread distraction,  
Come one and all.

Refrain:

**Hand in hand on pressing,  
All our wrongs redressing,  
Work and we right soon shall see  
Wide scattered many a blessing  
Ernest true Co-operation,  
Be our glorious aspiration  
Till we see among the nation,  
Love for one and all.**

Be our efforts never tiring,  
Each success a new inspiring,  
Here's a cause your aid requiring  
Here's work for you.  
Come and make each man a brother,  
If you're strong come help another,  
Strong and weak can aid each other  
If their hearts be true.

See the banner waving o'er us,  
Hear the men who've gone before us,  
Sending back the shouting chorus  
Keep the flag unfurled,  
Their's the seed that now upspringing,  
Hope to many a heart is bringing  
All our moans we'll change to singing  
Aye, throughout the world.

**CORPORATE PROFILE**

**DATE OF REGISTRATION**

12<sup>th</sup> April 1958

**REGISTERED OFFICE**

K.C.C.U. Financial Centre  
P.O Box 1533  
Granby Street  
Kingstown  
St Vincent and the Grenadines

**BOARD OF DIRECTORS**

Bro. Jerome De Shong	-	President
Bro. Colin John	-	Vice President
Bro. Harvey Farrell	-	Treasurer
Sis. Ingrid Susan Clarke	-	Secretary
Bro. Gillon Frederick	-	Director
Sis. Phyllis Allen/James	-	Director
Bro. Telbert Samuel	-	Director

**CREDIT COMMITTEE**

Bro. Alston Scott	-	Chairman
Sis. Cynthia Hope-Browne	-	Member
Sis. Angelita Miller	-	Member
Bro. Bernard John	-	Member
Bro. Terral Mapp	-	Member

**SUPERVISORY COMMITTEE**

Bro. Elsworth Abbott	-	Chairman
Bro. Rohan Providence	-	Secretary
Sis. Nicolette Balcombe/Dalton	-	Member
Sis. Gale Thorpe	-	Member
Bro. Christo Primus	-	Member

**EDUCATION COMMITTEE**

Bro. Dominic White	-	Chairman
Sis. Marcelle Burgin	-	Secretary
Bro. Raymond Yorke	-	Member
Sis. Laura Smart	-	Member
Sis. Lecia Quow	-	Member

**BANKERS**

Bank of St. Vincent & the Grenadines  
First Caribbean International Bank

**AUDITOR**

BDO  
Chartered Accountants

**SOLICITORS**

Saunders & Huggins  
Caribbean International Law Firm



**STAFF PROFILE**

Mr. Clement Lynch - General Manager  
Mrs. Alice Adams/Francois - General Manager's Secretary

**CUSTOMER SERVICES AND ADMIN DEPARTMENT**

Mr. Alonso Munroe - Head of Customer Service and Administration  
Mrs. Clairiesa Anderson/Pierre - Customer Service Representative  
Ms. Shirlon Ashton - Customer Service Representative Canouan  
Mrs. Michka Keizer - Receptionist  
Ms. Senica Williams - Office Attendant

**CREDIT DEPARTMENT**

Mrs. Marcelle Alexander - Head of Credit  
Ms. Sharlene Antoine - Senior Loans Officer  
Ms. Sharol-Rose Gregg/Abbott - Loans Officer  
Ms. Sherry-Ann Parsons - Loans Officer  
Ms. Theresa John - Securities Officer  
Ms. Reisa Daly - Filing Clerk

**LOANS RECOVERIES DEPARTMENT**

Ms. Judith Seaman - Senior Recoveries Officer  
Mr. Levan Richardson - Recoveries Officer  
Ms. Makeda Frederick/Smith - Recoveries Officer

**ACCOUNTS DEPARTMENT**

Mr. Kemuel King - Accountant  
Ms. Allisa Barnum - Senior Accounts Clerk  
Ms. Hadasha Butcher - Accounts Clerk  
Ms. Monique Springer - Head Teller  
Ms. Shana Cunningham - Teller  
Ms. Koriene Chance - Teller

**TABLE OF CONTENTS**

	<b>PAGE</b>
STANDING ORDERS	4
52 <sup>ND</sup> ANNUAL GENERAL MEETING NOTICE AND AGENDA	5
MINUTES OF 51 <sup>ST</sup> ANNUAL GENERAL MEETING	10
BOARD OF DIRECTORS REPORT	20
TREASURER'S REPORT	24
FINANCIAL STATEMENTS	31
CREDIT COMMITTEE REPORT	62
SUPERVISORY COMMITTEE REPORT	65
EDUCATION COMMITTEE REPORT	67
GRENADINES REPORT	70



**MINUTES OF THE 51<sup>ST</sup> ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED (KCCU), HELD AT THE PEACE MEMORIAL HALL ON MAY 29<sup>TH</sup> 2013 AT 4:30 PM.**

**OPENING SESSION**

**1. ASCERTAINMENT OF QUORUM**

The Financial Services Authority (FSA) verified that there was a quorum.

**2. CALL TO ORDER AND WELCOME**

The meeting was called to order at 5:12 pm by Bro. Colin John, Vice President of the Kingstown Co-operative Credit Union Limited (KCCU) and Chairman of the opening session. He welcomed all to the 51<sup>st</sup> Annual General Meeting and apologised for the late start.

**3. PRAYER**

Prayers were offered by Bro. Lennox Dennie.

The Opening Session AGENDA was amended

(a) Health Talk —originally item 10— was moved to item 9;

(b) 'Presentation to Unsung Heroes' was inserted as the new Item 10; and

(c) Pan Interlude became Item 11.

This was agreed by all present.

**4. NATIONAL ANTHEM**

The singing of the National Anthem was led by Sis Judith Seaman.

**5. CREDIT UNION SONG**

Sis Judith Seaman also led the singing of the Credit Union Song.

**6. APOLOGIES FOR ABSENCE**

An apology was made on behalf of Bro Grenville Williams, a member of the Board of Directors.

**7. SILENT TRIBUTE**

A one minute silence was observed in memory of the following persons who died during the year:

Charles Alexander	Noreen C Primus	Gordon F Walker
Hilary C John	Whitman Hamilton	Clement O'Garro
Winston M. K. Providence	George Timm	Trevor Williams
Lucelle Patterson	Jack Kenville	Louise A Adams
Sandrina Barbour	Resa K. A Garth	Ursulla C Gordon
Kezia S Mckree	Glenda Sergeant	Franklyn M Porter
Jodine Alexander	Moreen Lee	Tyrone Williams
Ronald E John	Anesta Durrant Hoyte	Patricia J Pompey
Marcia A Providence		

**8. GREETINGS**

Fraternal greetings were received from the following organizations:-

- General Employees Co-operative Credit Union (GECCU)
- Financial Services Authority
- COMFI
- St. Vincent and the Grenadines Teachers' Co-operative Credit Union
- Georgetown/Mount Coke Co-operative Credit Union Limited
- Marriagua Co-operative Credit Union
- SVG Co-operative Credit Union League

The representatives of these organizations commended KCCU on the theme 'Confidence', the achievements as stated in the report and wished a successful AGM.

**9. HEALTH TALK**

Director Bro Harvey Farrell presented the Health Talk.

He encouraged members and prospective members to join the KUTMED Medical Insurance plan. He reported that the vast majority of persons seeking help from the Credit Union for medical assistance were not insured.

The Benefits derived from joining the medical insurance plan included:

- better healthcare value, as part of the lower group rate;
- access to hospitals overseas;
- air ambulance services;
- consultancy; and
- special diagnostic care.

**10. HONORING OF UNSUNG HEROES**

Two stalwarts, Bro Julius Anthony and Bro Edric Lewis were honoured with plaques for their service and faithfulness to KCCU.

**11. PAN INTERLUDE**

Starlift Steel Orchestra entertained the meeting with their steel pan renditions.

The Opening Session ended at 5:19 pm.

**BUSINESS SESSION**

**1. CALL TO ORDER**

Bro Jerome De Shong, Chairman, called the business session to order at 5:21 pm and he apologised for the late circulation of the booklets due to circumstances beyond our control.

**2. ADOPTION OF STANDING ORDERS**

The Standing Orders were adopted on a motion moved by Bro Cools Vanloo and seconded by Bro Lemuel Matthias. The motion was carried.

Bro. Cools Vanloo enquired about the absence of President Sis Cicyln Joseph. Bro De Shong responded that she had tendered her resignation on 7<sup>th</sup> January, 2013 and emigrated.

The agenda was adopted on a motion moved by Sis Lauramay Pope-Williams and seconded by Bro Rohan Providence.

**3. MINUTES OF THE 50<sup>TH</sup> ANNUAL MEETING**

The Minutes of the 50<sup>th</sup> Annual General Meeting were taken as read.

**(a) Amendments and Confirmation**

Page 10 'Opening Session' was changed to 'Business Session'

Page 11 7.7- 'comercial' was corrected to 'commercial'

On a motion moved by Sis Annis Bailey-Providence and seconded by Bro Julius Anthony, the minutes were confirmed with amendments.

**(b) Matters Arising**

In response to the question of the reduction in the number of **unsung heroes** that were honoured, Bro Jerome De Shong said that at this time the selection was drawn from management committees past. He added that the reduction had nothing to do with financial costs but was discretionary and the important point was the recognition factor.

Bro. Cools Vanloo raised the matter regarding a meaningful increase in the number of **scholarships** offered. Bro De Shong replied that the number of scholarships increased from two to four students and the amount awarded increased from \$1,000 to \$1,100 per year. He stated that additional assistance was given also to Community College students who were once recipients of scholarships; plus disbursements for those students who received bursaries.

Bro Nigel Weekes suggested the number of scholarships be increased to six. Bro, Nedd cautioned that the scholarships should be reviewed in light of other educational matters being done and that the issue be investigated before a commitment is given.

The Chairman thanked members for their suggestions and said that the Board of Directors will look at the recommendations.

Bro Vanloo suggested that there be a document on the **policies and procedures** for the Credit Union. Bro De Shong responded that the Credit Union operated on the basis of policies. Loans, our core business, were underwritten using well established policies and procedures.

Bro Cools Vanloo further expressed that compliance was a very important issue and suggested that a manual be developed through the services of a consultant.

It was established that the Board would address the matter and every effort will be made to balance the cost of hiring a consultant with the time delay that could result from an in-house effort. Sis Lauramay Pope-Williams supported Bro Vanloo's suggestion of a manual and said that it will contribute to the continuity of the Credit Union.

The Chairman in his update on the **Kingstown Park property** said that the development project was put on hold due to the economic downturn.

The minutes were adopted.

#### **4. REPORTS- PRESENTATION AND ADOPTION**

##### **(a) Board of Directors**

The Board of Directors Report was taken as read.

##### **Amendments**

Page 17: 14.3 – Fourth line should read 'The Credit Union recorded.....'

Page 19: 14.8- 'Satisfactorily' corrected to 'satisfactory'

Bro De Shong, President, reported on the **organisation's performance** and stated that \$1.8 million (M) was invested in SVG Building and Loan over a period of time and that there was hope for improvement at that Organization.

He further highlighted, that there was a growth in assets of 4% compared with the previous year. Total assets moved from \$60.8M to \$63.3M. He further emphasised that KCCU delinquency rate was 5.7% which was very much within striking distance of the PEARLS standard of 5%.

In response to Bro Vanloo's question on the staff compliment and a **retirement plan** for staff, Bro Clement Lynch said that the staff comprised twenty-four (24) permanent and two (2) temporary employees. He said that there was no pension plan in place but there was a collective agreement for severance payment in the event of retirement. He further added that a pension plan was presented to staff and was rejected. However, another plan will be presented to staff for their consideration.

The issue of the **website** was still being discussed. Bro Vanloo expressed concerns that this matter was a reoccurring one and that the website was a very important marketing tool and should be completed. Bro Michael John stated that the website was important, however he would encourage the use of social media sites in an effort to curtail spending. Bro Clement Lynch commented that a new IT system platform was now in place that provided for the seamless integration of online services that would take us beyond just using the website for informational marketing. It is now possible with proper construction of the web site to enable members anywhere in the world to access their account in a manner that would make the website a more useful tool.

In response to a question as to the update on the land at **Canouan**, The Chairman said that Fourteen thousand square feet (14,000 sq ft) of lands were fenced at a cost of \$36,000. The fencing was necessary to prohibit the dumping of refuse on the land.

Bro Vanloo enquired about the proposed KCCU's **Performance Appraisal System** being designed by Joachim and Associates. Bro Clement Lynch explained that the existing



system did not capture the objective and standard setting phase of the employees' evaluation. Moreover, it focused on criteria that were no longer relevant in measuring productivity nor in line with the strategic direction of the organisation. These elements will be addressed in the proposed system in addition to better assessments of staff for promotion and training among other things.

Sis Dawn Delimore expressed her concerns with the age range of the **KUTMED** programme. She said that at age 60, most illnesses will surface and she was concerned that no coverage will be made available for such persons. Bro Matthias expressed concern that coverage into KUTMED would be lost when persons attain the age of 60. He added that at this age, medical bills will become higher when the insurance was needed the most.

Bro Julian Jack stated that the cut off age was one of the concerns shared with the providers, however there was unwillingness at this time to increase the age without, either increased premiums or cutting benefits across the entire plan.

Bro Harvey Farrell highlighted that the majority of requests that were made to the Credit Union for medical assistance were made by persons under 60. He added that the value of the plan would increase if more persons joined the plan. Once you become a member of the plan you can use the opportunity to get regular preventative check-ups so that certain health risks can be identified early.

In response to a question as to what benefits were removed from the plan, Bro Farrell said that none was removed, however, some benefits were reduced because the Insurance company was concerned about the extent of the loss ratio, given the low membership up take.

In his update, regarding the **Development Centre**, the Chairman said that it was located on the Ground Floor of the KCCU Building. A sum of twenty thousand dollars was used to equip and refurbish the Centre. The Centre was an initiative to provide training primarily and attract new rental income. The Centre was named 'The Reuben John Development Centre' in honour of President Bro Reuben John. In response to a question from Bro Cools Vanloo regarding the previous tenant of the space, Bro Lynch reported that the previously occupants were an Off-shore Company and a Government related EU Development project.

In response to Bro William Anthony's question regarding the total **investment in Building and Loan**, Bro Lynch responded that the last investment was made in 2005 and the account had accumulated to EC\$1.8 million as a result of "rolling" the principals plus the effect of compounded interest.

The Chairman announced that no **dividend** was paid to members in an effort to comply with the new Co-operatives Act no 12 of 2012. The Act stated that dividend should not be paid out of profits until the institutional capital had reached a proportion of not less than 10 percent of the total assets of the Co-operative. KCCU was below this stipulation and therefore compliance required that no dividend be paid.

In response to the question of whether or not a **bonus** was paid to the Board of Directors, Bro Colin John responded in the affirmative.

Sis Burgin commented that although the Board of Directors for KCCU was voluntary work, it was unreasonable for the Board to receive a bonus while the membership did not receive dividend.

Bro Vanloo commented that with all the positive growth that was attained, members should be fair to the Board who had worked for a small monthly stipend that covered the reimbursement

of expenses, however he added that the bonus should have been disclosed in the relevant report.

The Board of Directors Report was adopted and carried on a motion moved by Bro Rohan Providence and seconded by Bro Nigel Weekes.

**(b) Treasurer and Auditor**

The Treasurer's Report was present by the Treasurer Bro Peter Campbell.

He highlighted the following:

- Assets amounted to \$65.3M reflecting a 7% increase from \$60.8M in 2011. Loans to members was the primary contributor followed by Investment Properties, plant and equipment.
- Members deposit grew by 12%, Permanent and redeemable shares grew by 17% and 4% respectively.
- The net income from operations for 2012 was \$3.9M and included EC\$1.1M for increase in fair value of investment properties. Net income from operations before rebates, dividends and unrealized gains was \$1.62M.
- There was a provision of \$100 000 for impairment of the investments at the Building and Loan Association.
- Dividends were not declared in compliance with the Co-operatives Societies Act 12 of 2012.

Bro Campbell reiterated that compliance with the capital adequacy stipulations of the Co-operative Societies Act 12 of 2012 will strengthen the financial position of the Credit Union.

**(c) Auditors Report**

The Auditor's report was presented by Sis Ruth Alves of BDO. She stated that the financial reports of KCCU in the opinion of the Auditors present fairly the financial position, the results of its financial performance and cash flows for the year ended December 31, 2012 and that they are in accordance with International Financial Reporting Standards.

**(d) Discussion Treasurer's Report**

Bro Vanloo expressed that proper investment policies must be followed to ensure continued prudence and safe keeping of assets of the Credit Union. He questioned the competitiveness of the Credit Union's rates of interest. Bro Campbell said that the Board was continually reviewing rates to ensure KCCU remained competitive. However rate reductions cannot be done in isolation and the deposit rates will have to be reviewed as well.

The increase in staff cost was the result of severance payment, trade union negotiated cost of living increase and bonuses. Bro Vanloo recommended that in future the Board should disclose in its report any bonuses paid to Directors.

Bro Campbell implored members to build on permanent shares to strengthen the financial position of the Credit Union. Bro Clement Lynch in response to the question of the process used in deciding on investments said that the Board of Directors makes investment decisions after a risk assessment is done.

It was established that KCCU had two (2) Directors on COMFI's Board. Bro Telbert Samuel, a COMFI director, stated that to date, KCCU invested \$0.5M in COMFI and that COMFI was well pleased.

Bro Campbell reported that the Government bond matured on 16<sup>th</sup> March 2013 and the money was received and not immediately reinvested because of statutory short term liquidity requirements.

Bro Campbell thanked the members for giving him the learning opportunity to serve.

The Treasurer's Report was adopted on a motion moved by Bro Miller and seconded by Bro Cools Vanloo.

A motion was moved by Bro Nigel Weekes seconded by Sis Harriet Bushay, to adopt all the Reports. The motion was adopted and carried.

## **5. ELECTIONS**

The elections were supervised by the Financial Services Authority.

### **Board of Directors**

Bro Peter Campbell was retiring and Sis Cicyln Joseph had resigned.

There were three positions to be filled on the Board.

### **Nominated by the Nominations Committee**

Bro Colin John  
Bro Grenville Williams  
Sis Phyllis James

There were no other nominations from the floor. Bro Colin John, Bro Grenville Williams and Sis Phyllis James were unanimously elected to serve on the Board of Directors.

The Board will decide which person will serve for one year to replace Sis Cicyln Joseph's term.

### **Auditors**

BDO was nominated. The nomination was moved and seconded. BDO was voted unanimously as auditors.

### **Credit Committee**

#### **Retiring:**

Bro Danley Bacchus

#### **Members ceasing to hold office:**

Bro Lauren Walker  
Sis Michelle Samuel

#### **Nominated by the Nominations Committee**

Sis Angelita Miller  
Bro Bernard John

Sis Nicolette Balcombe-Dalton  
Sis Cynthia Hope-Browne

Nominations were closed on a motion moved by Bro Jerome De Shong and seconded by Bro Peter Campbell.

**Results**

Sis Angelita Miller	43
Bro Bernard John	45
Sis Nicolette Dalton	43
Sis Cynthia Hope-Browne	48

A second vote was made to choose between Sis Angelita Miller and Sis Nicolette Dalton who had tied with 43 votes.

**Results**

Sis Angelita Miller	31
Sis Nicolette Dalton.	27

Sis Cynthia Hope-Browne (3 years), Bro Bernard John (3 years) and Sis Angelita Miller (2 years) were elected to serve on the Credit Committee.

**Supervisory and Compliance Committee**

**Nominated by the Nominations Committee**

Elsworth Abbott  
Gillon Frederick  
Christo Primus

**From the floor:**

Rohan Providence  
Nicolette Dalton  
Nigel Weekes

**Results**

Elsworth Abbott	42
Gillon Frederick	51
Christo Primus	40
Rohan Providence	40
Nicolet Dalton	41
Nigel Weekes	30

Bro Elsworth Abbott, Sis Gillon Frederick, Bro Christo Primus, Bro Rohan Providence and Sis Nicolette Dalton were elected to serve on the Supervisory Committee.

**6. RESOLUTION**

Bro Grenville Williams presented the following:

Resolution to amend the Bye-Laws of the Kingstown Co-operative Credit Union (KCCU) to bring it in uniformity with the Co-operative Societies Act no. 12 of 2012.

WHEREAS, the Co-operative Societies Act no 24 of 1999 is replaced by the Co-operative

Societies Act no 12 of 2012

AND WHERE AS, section 205 (2), does not limit the rate of interest to be charged on loans

AND WHEREAS, Article 15.8 of the Bye-Laws of the Kingstown Co-operative Credit Union Limited (KCCU) limits the rate of interest to be charged on loans to one (1) percent per month on the unpaid balances

AND WHEREAS, the Co-operative Societies Act no 24 of 1999 makes no mention of capital base and equity shares

AND WHEREAS, the Co-operative Societies Act no 12 of 2012, mentions and defines capital base and equity shares

AND WHEREAS, the Co-operative Societies Act 24 of 1999 may in ways differ with the Co-operative Societies Act 12 of 2012

AND WHEREAS, the bye-laws of Kingstown Co-operative Credit Union Limited (KCCU) may not be consistent with and reflective of the changes that were brought about by the Co-operative Societies Act 12 of 2012

Be it resolved that this 51<sup>st</sup> Annual General Meeting of the Kingstown Co-operative Credit Union Limited (KCCU) authorizes the Board of Directors to review and amend the Bye-Laws of the Kingstown Co-operative Credit Union Limited (KCCU) to reflect the changes as regards

- (i) The rate of interest on loans
- (ii) Capital base
- (iii) Equity shares
- (iv) All other inconsistencies between the bye-laws of the Kingstown Co-operative Credit Union and the Co-operative Societies Act 12 of 2012

The resolution was accepted on a motion moved by Bro Rohan Providence and seconded by Bro Telbert Samuel.

### **Discussion**

In response to a question about adjusting the interest on loans, it was suggested that an assessment would be done with the competitors' rates and the needs of members will be taken into account. Bro Williams highlighted that the rate of interest could only be changed upon acceptance of the resolution.

Bro Vanloo added that the interest rates should also depend on the market rates. Bro Gillon Frederick questioned the meaning of 'inconsistencies' stated in (vi) of the resolution.

In response to Bro Frederick's query, it was stated that the Credit Union will be guided by the clauses of the Co-operative Societies Act of 2012 which replaced the Act of 1999. A Committee will be set up to oversee the implementation and compliance of the new Act. It was established that reports will be given to provide for transparency and accountability.

A vote by show of hands was taken for the adoption of the resolution. The results were:

For	52
Against	0
Abstain	4



The resolution was approved, passed and carried.

**7. OTHER BUSINESS**

Bro Claude Bascombe suggested that the Annual General Meetings be held on the weekend instead of a week-day.

**8. ADJOURNMENT**

The meeting ended at 9:50 pm on a motion moved by Sis Marcelle Burgin and seconded by Bro. Julius Anthony.



**Bro. Jerome De Shong  
President**



**Sis. Susan Clarke  
Secretary**

**9. Board of Directors Report for the 52nd Annual General Meeting of the Kingstown Co-operative Credit Union Limited for the period January to December 2013 at the Peace Memorial Hall on 28th April, 2014**

**9.1 INTRODUCTION**

I am pleased on behalf of the Board of Directors of the Kingstown Co-operative Credit Union Ltd (KCCU) to present to you our valued members a report of the affairs of the Credit Union for the period of our tenure.

As you are aware, the vast majority of the world's economies are still experiencing negative and low growth consequent upon the economic recession that impacted the world since 2008. Notwithstanding the general downturn in economic activity globally and nationally, KCCU has demonstrated its resilience by making significant strides in the growth of its operations and financial performance in 2013.

**Election**

Following the Annual General Meeting held at the Peace Memorial Hall on May 29, 2013, the Board of Directors met as is stipulated by law on June 6, 2013 to fill the executive positions on the Board of Directors.

The results were as follows:

Jerome De Shong	– President
Colin John	– Vice President
Harvey Farrell	– Treasurer
Susan Clarke	– Secretary
Telbert Samuel	– Director
Phyllis James	– Director
Grenville Williams	– Director

Bro. Grenville Williams tendered his resignation on August 16, 2013 because of his regulatory responsibilities and the vacancy was filled by Bro. Gillon Frederick from the Supervisory committee.

**9.2 FINANCIAL PERFORMANCE**

**Earnings**

KCCU made a surplus, before rebates dividends and associated company loss, of EC\$1.7Million (M). Last year earnings was EC\$1.63M. Within the context of a sluggish economy caused by the prolonged global recession, the achievement is noteworthy.

**Assets**

Total assets grew by EC\$3.7M or 5.7% in 2013 over 2012. This is due mainly to increases in the Cash Resources by EC\$2.6M and Loan to members by EC\$1.8M. Of note is the fact that the investment of \$1.0 M in bonds with Government of SVG was not renewed in order to cushion the impact of the non-availability of our investment of EC\$1.8M in Building & Loan. This was necessary to meet short term statutory liquidity requirements. KCCU will continue to recognize and mitigate risks by putting measures in place to safeguard the assets.

### **Delinquency**

The delinquency rate is at a record low of 4.4% in 2013 (5.7% for 2012) and we have surpassed the PEARLS adopted standard of 5%. It is the first time that we have achieved this phenomenal and outstanding performance. The delinquency figure is EC\$2.12M with an impairment provision that adequately covers this amount. The delinquency in 2012 was EC\$2.76M. This continued success is a deliberate strategy to have a separate effective team focused entirely on credit management. The Board of Directors would like to thank all staff and the Delinquency unit on a job well done.

### **Loans**

Our loan portfolio has experienced relatively low growth 4.2% due to continued predatory activity by our competitors. In 2013, we continued to counteract this action with new innovative products and continuous improvements in customer service.

### **Building & Loan Association**

From information received, the Building and Loan Association has implemented a re capitalization plan to bring the institution back to financial and liquid strength. The amount of \$1.8 million that KCCU invested in Building & Loan is scheduled to be available for drawdown at six month intervals effectively starting in the last quarter of 2014. KCCU expects a full recovery of the association in due course so that confidence in the financial services sector can be restored.

### **Dividends and Rebates**

There is a statutory provision that requires our institutional capital to be adequate at not less than ten percent of net assets. We are in compliance with the Co-operative Societies Act 12 of 2012 in this regard. In addition we of course have to ensure that enough of our surplus is retained to fuel the continued viability of the organisation. Given the preceding requirements, we have to be prudent in our pay out and the Board of Directors herewith proposes to pay dividend and rebates to our members as follows:-

Permanent Shares:	5.00%
Redeemable Shares	1.25%
Rebates on Loan interest	3.25%

## **9.3 MANAGEMENT COMMITTEE STIPEND**

The Board members were paid a regular stipend of EC\$300 per month and a further amount of EC\$1,000 for the year to cover additional expenses incurred as a result of extra meetings and events.

All committee members received a monthly stipend of EC\$200 (except the chairman or board meeting attendee who received EC\$300). A one-off EC\$500 (chairman EC\$750) was paid for the year to cover additional expenses incurred as a result of extra meetings and events.

## **9.4 HUMAN RESOURCES**

### **Appraisal & compensation System**

A new appraisal system that aligns our mission and long term goals with short term objectives was implemented in 2014. Performance will be assessed against objectives set at the beginning of the evaluation period. It is anticipated that in this way we would harness

our resources to achieve our business plan goals with better effectiveness.

### **Collective Agreement**

A new collective agreement has been concluded between CTAWU and KCCU for the period 2013 to 2015. The document was signed on Thursday, March 06, 2014. A five per cent increase spread over three years was negotiated with the union.

### **Union Island**

The KCCU Union island branch lost between gross EC\$78K and net EC\$45K over a period of five years. The loss is alleged to have been carried out by a former employee. The matter came to light following a report from a Union Island member of an understatement of an account. The office investigation revealed the extent and method of the fraud and the matter was turned over to the police.

### **Internal Policy Documentation**

At the last AGM, the issue of a lack of internal policy was raised. I want to report that the Board of Directors addressed the issue by implementing an HR/Employee policy. The documentation of an internal control and procedures policy was outsourced and we expect that this document would be completed and signed off shortly.

There is an existing loan policy and a disaster preparedness plan policy in operation at the KCCU. We have to constantly adapt to the environment in which we operate and consequently our loan or credit policies are reviewed and updated periodically.

The investment policy requires documentation and work is underway to conclude this matter in short time.

### **Technology**

As part of our mission to provide high quality financial services to our members, the website has been completed. The opportunity was taken to develop a service that goes beyond just information, product marketing and public relations to provide facilities that enable members to carry out their business at their own convenience, at a reasonable cost from anywhere in the world. The functionalities of our WEB services include funds transfer, Balance enquiry, Statement, cheque request, loan request, bill payments; to name a few. There is a registration procedure that involves an application for signing up for this service.

Other technology driven services will be implemented in our efforts to fulfill our mission.

## **9.5 OUTREACH PROGRAMS**

### **Scholarships**

In August of 2013, four (4) scholarships at a cost of EC\$1100 each were awarded to our students based on the common entrance results. There were two academic scholarships and two socio economic scholarships. Bursaries of EC\$600 each were awarded to two runners up top students. Sixty two (62) applicants received EC\$150 each.

### **KCCU School Quiz**

The KCCU School Quiz is an annual competition where schools are invited to participate for the Thomas Saunders Trophy. In 2013, the Kingstown Preparatory School (KPS) won the title for the third consecutive year which allowed them to keep the trophy permanently.

Congratulations are in order for KPS and all the schools that took part in the competition.

### **Senior Care Day**

Every year, the senior care day features prominently on the calendar of KCCU. This event targets health primarily and also includes fun social activities with persons of all ages. Senior members are taken to an outing where they are: sensitized to the need for healthy food; given training via educational talks on health issues, for example diabetes, hypertension; provided with the opportunity to use their creativity by crafts and other hand working skills; and given low intensity physical exercises.

## **9.6 THE FUTURE**

The future policy agenda in these turbulent times includes continued and deep focus on the long term sustainability of our Credit Union through effective management and an unwavering commitment to satisfy the needs of our membership.

Strategically we will continue to strive for:

- excellent member services;
- technological enablement ;
- good Governance;
- high level development of our human resources;
- meaningful community responsibilities;
- continued support of and participation in the credit union movement .

## **9.7 ACKNOWLEDGEMENTS**

The Board herewith extends its appreciation to the membership, management committees, staff, and other volunteers past, present recognized or unsung, for their creativity and assiduous and invaluable work that contributed to another successful year 2013.

We would also like to register our thanks for the professional and supportive relationships with the Registrar and staff of the Financial Services Authority; the Credit Union League; other Credit Unions; the Auditors; and all stakeholders.

The Board thanks the membership for the opportunity to serve during the year and looks forward to a credit union resilient and growing from strength to strength.

Presented by and on behalf of the Board of directors.



Jerome De Shong  
**President**



**10. Treasurer's Report for the 52nd Annual General Meeting of the Kingstown Co-operative Credit Union Limited for the period January to December 2013 at the Peace Memorial Hall on 28th April, 2014**

**10.1 INTRODUCTION**

“Life has no blessing like a prudent friend” (Euripides) – and the Kingstown Co-operative Credit Union Limited (KCCU) brothers and sisters have proven to be that friend. Despite the tumultuous economical environment spurned by the global economic crisis (locally our situation has been exacerbated by the CLICO/BAICO fallout and the misfortunes of the Building and Loan Association) the KCCU has again proven that it can weather the financial storm buoyed on an even keel. This is an accomplishment that would not have at all been possible without prudent financial management of the CEO and his dedicated team along with the adroit captaincy of the Board of Directors.

Brothers and sisters, the creditable financial performance of the KCCU for the year under review (2013) is borne out by the Treasurer's report herein presented. All dollar values are quoted in East Caribbean currency.

**10.2 ASSETS**

At reporting date, the total assets were \$69,052,753 reflecting a growth of 5.7% with a dollar value of \$3,721,215. The growth was realized primarily by a net increase in cash resources, and the loan portfolio, offset by a decline in investment securities. These are summarized in the following table:

	2013 (\$)	2012 (\$)	(\$) Increase	Increase
Total Assets	69,052,753	65,331,538	3,721,215	5.7%
Loans	45,775,240	43,948,550	1,826,690	4.2%
Cash Resources	8,374,223	5,763,367	2,610,856	45.3%
Investment Securities	3,287,539	4,321,990	(1,034,451)	(23.9%)

Our loan portfolio mix shows that we are skewed towards mortgages at 53.7% at the end of 2013. This grew from 50% in 2012. The increase business in secured loans is a deliberate attempt to mitigate risks as we make efforts to maintain and improve our financial management in these challenging times.

**10.3 LIQUIDITY**

Section 199 of the Co-operative Societies Act 12 of 2012 requires a level of liquidity that is not less than 15% of the unencumbered deposits and short term liabilities. Our liquidity level is 20% which gives us a cushion of about \$2M. Total liability was \$55,866,441 reflecting an increase in total liability of \$2,713,296 or 5% over the corresponding period of last year (\$53,153,145). Members' deposits and redeemable shares are what accounted for the largest increases. Their impact is summarized below:

	2013 (\$)	2012 (\$)	(\$) Increase	(%) Increase
Total Liabilities	55,866,441	53,153,145	2,713,296	5
Deposits	17,524,421	16,898,492	625,929	3.7
Redeemable Shares	36,191,363	35,168,212	1,023,151	2.9

#### **10.4 MEMBERS EQUITY**

Members' equity at reporting date totalled \$13,186,312, as compared to \$12,178,393 in the preceding year (2012), an increase of \$1,007,919 representing 8%. We are in compliance with Co-operative Societies Act 12 of 2012 section 124 which requires that our institutional capital (IC) be not less than 10% of our net assets. Please note that IC excludes capital reserves, Development funds and unrealised amounts.

#### **10.5 STATUTORY RESERVE**

The Statutory Reserve is kept in compliance with Co-operative Societies Act 12 of 2012 section 124 and article 16.1 of the Credit Union's Bye-Laws and reflects the transfer of at least twenty percent of net surplus. In fact, the Board prudently transferred twenty five percent. The total for the reporting period is \$3,248,849, an increase of \$405,623 over the previous year.

#### **10.6 DIVIDENDS**

"Do you know the only thing that gives me pleasure? It's to see my dividends coming in" (John d. Rockefeller). Many of you, brothers and sisters would perhaps join with Rockefeller in trumpeting the pleasure and indeed the joy that comes with the dividends that are paid on your investment. But for the board, what gives us pleasure is the ability to be able to pay dividends and the pleasure is multiplied many-fold. We of course remember that no dividends were paid in 2012 in order to ensure compliance with the Co-operative Societies Act. Here is the schedule for this year's pay-out:

- Dividend on Permanent shares; 5.00%
- Dividend on Ordinary shares; 1.25%
- Rebates on loans; 3.25%

The overall dividend and rebate pay-out cost is \$659,704.

#### **10.7 DELINQUENCY**

The perennial financial spectre of delinquency has perhaps been brought under control by the close of the reporting period. The coveted Pearls standard of a delinquency rate of 5% and under has been achieved (4.4%), but not without much hard work by the staff, and more so by the herculean effort of the team in the delinquency department.

The dollar amount on delinquency as at December 2013 was \$2.12M compared to \$2.76M in 2012 or a rate 4.4% and 5.7% respectively. Along with the hard work of the staff, this enviable rate was achieved due to the following initiatives:

- Improved vigilance and account monitoring;
- Taking early credit management action;
- More effective communication with members.

**10.8 GENERAL AND ADMINISTRATIVE EXPENSE**

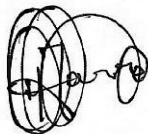
The movement in general and administrative expenses for the year under review is \$307,340, or 13.45%. There are some one-off items together with other recurring items that contributed to the adverse movements in expenses.

The table below is a summary of the major contributors to the movement. The focus here is by exception on the main items that increased; there were items that reduced as well and they would have offset the overall movement:

	<b>\$ Movement</b>	
Provision for the fraud	(74,811)	
Depreciation from new Information Technology Equipment	(61,189)	
CUNA Insurance premiums on member loans and shares for Loan Protection and Share protection.	(53,417)	
Staff cost: Staff training Salary increases negotiated with Trade union Performance evaluation increase	(80,286)	
Professional Fees: HR study and asset evaluation	(25,998)	

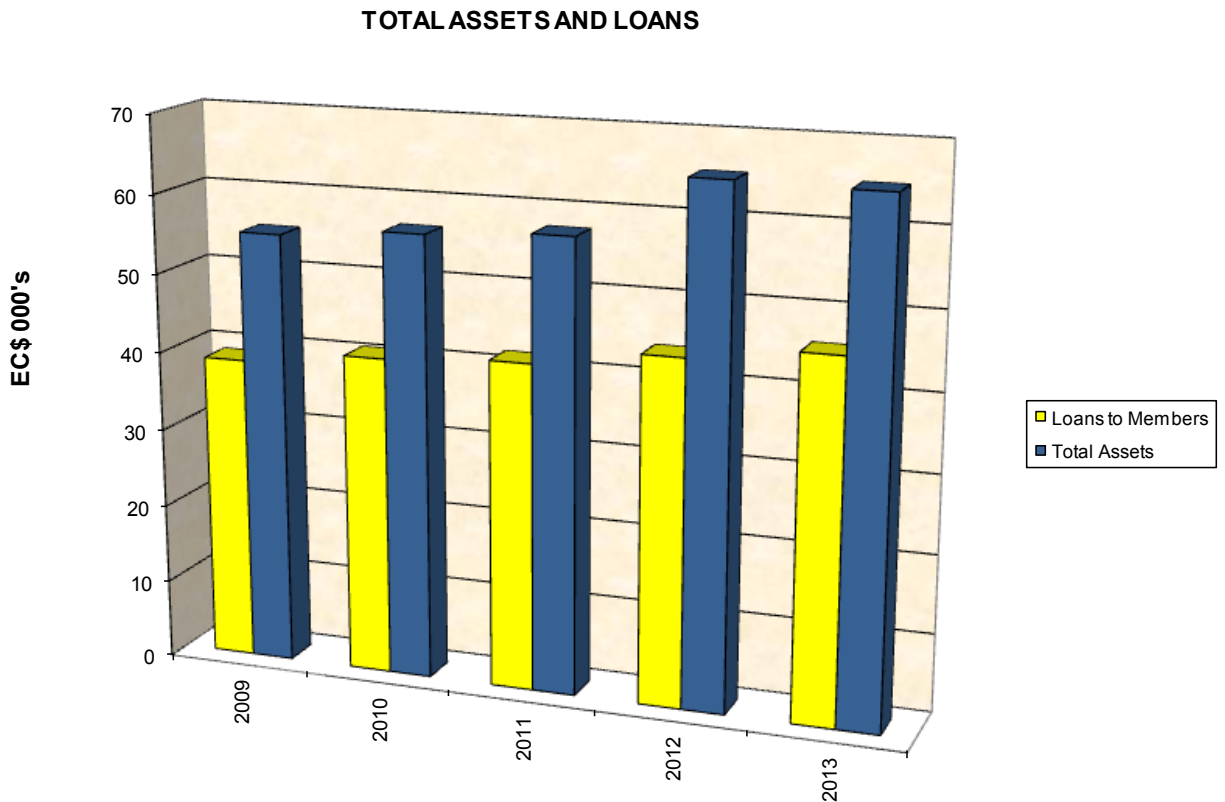
**10.9 CONCLUSION**

Determination is the key to motivation, but it's determination and commitment to an unrelenting pursuit of our goal – the continued growth of the KCCU – that will enable us to attain the success we seek. Brothers and sisters, I took the liberty to modify that Mario Andretti's quotation to demonstrate, as I conclude, our (and by our I mean the board of directors, the staff and every individual member) unwavering commitment to the growth of this noble and resilient organization.



Harvey Farrell  
**Treasurer**

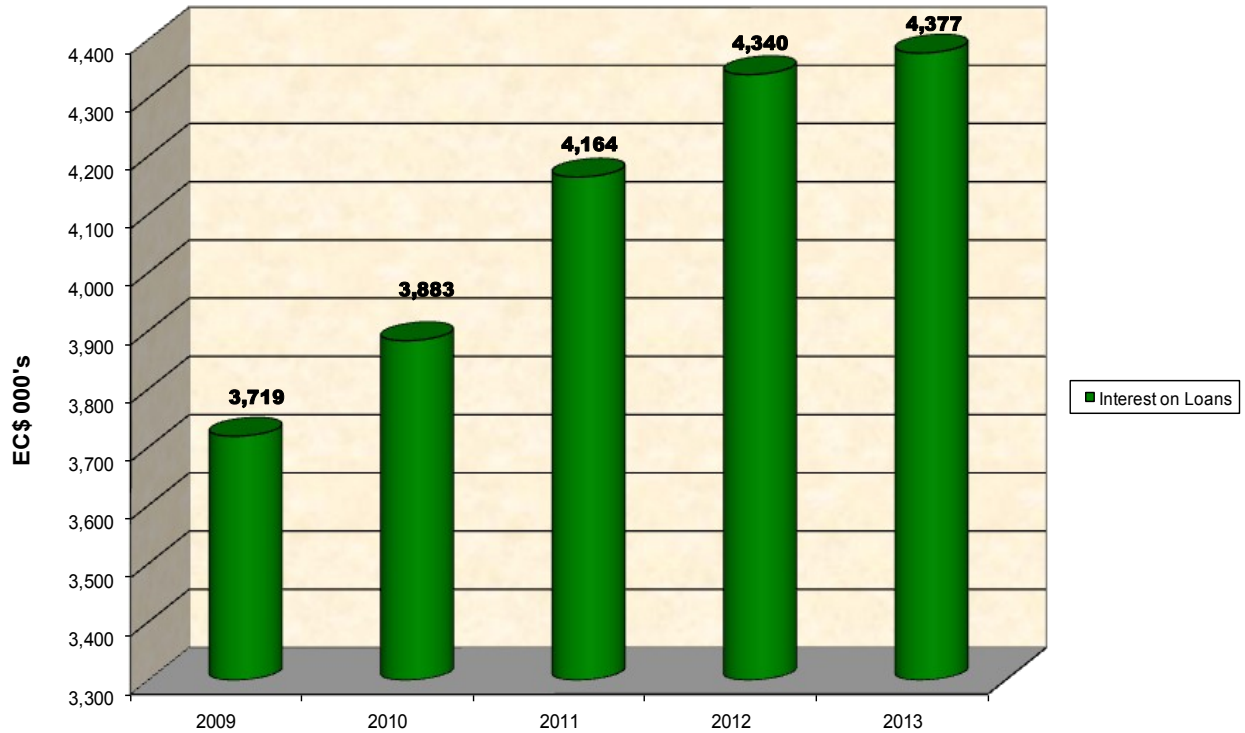
PEARLS RATIO						
	Financial Ratios	Workings 2012	Workings 2013	Actual 2012	Actual 2013	Standard
P1	<u>Allowance for loan Losses</u>	<u>2,326,814</u>	<u>2,294,885</u>			
	<b>Delinquency &gt;12mths</b>	1,711,558	1,815,381	135.9%	126.4%	100%
E1	<u>Net Loan</u>	<u>43,948,550</u>	<u>45,775,240</u>			
	<b>Total Assets</b>	65,331,538	69,052,753	67.3%	66.3%	70-80%
C1	<u>Financial Investment</u>	<u>4,406,270</u>	<u>3,802,891</u>			
	<b>Total Assets</b>	65,331,538	69,052,753	6.7%	5.5%	<10%
A1	<u>Total Loan Delinquency</u>	<u>2,666,920</u>	<u>2,125,845</u>			
	<b>Total Loan Portfolio</b>	46,206,028	48,070,125	5.7%	4.4%	<=5%
A2	<u>Non Earning Assets</u>	<u>2,990,115</u>	<u>3,018,964</u>			
	<b>Total Assets</b>	65,331,538	69,052,753	4.6%	4.4%	<=5%
D2	<u>Net Loan Income</u>	<u>4,181,007</u>	<u>4,185,128</u>			
	<b>Average Net Portfolio</b>	42,785,736	44,861,895	9.8%	9.3%	10%
R9	<u>Operating Expense</u>	<u>3,342,556</u>	<u>3,487,454</u>			
	<b>Average Total Assets</b>	63,080,426	67,192,146	5.3%	5.2%	5.0%
L3	<u>Net Liquidity</u>	<u>5,555,150</u>	<u>7,576,995</u>			
	<b>Savings</b>	52,066,704	53,715,784	10.7%	14.1%	>10%
S9	<u>Increase in Loans</u>	<u>2,051,973</u>	<u>1,864,097</u>			
	<b>Total Loan portfolio of Previous Year</b>	44,154,055	46,206,028	4.6%	4.0%	Not Specified
S10	<u>Increase in Total Assets</u>	<u>4,502,225</u>	<u>3,721,215</u>			
	<b>Total Assets of Previous year</b>	60,829,313	65,331,538	7.4%	5.7%	Not Specified



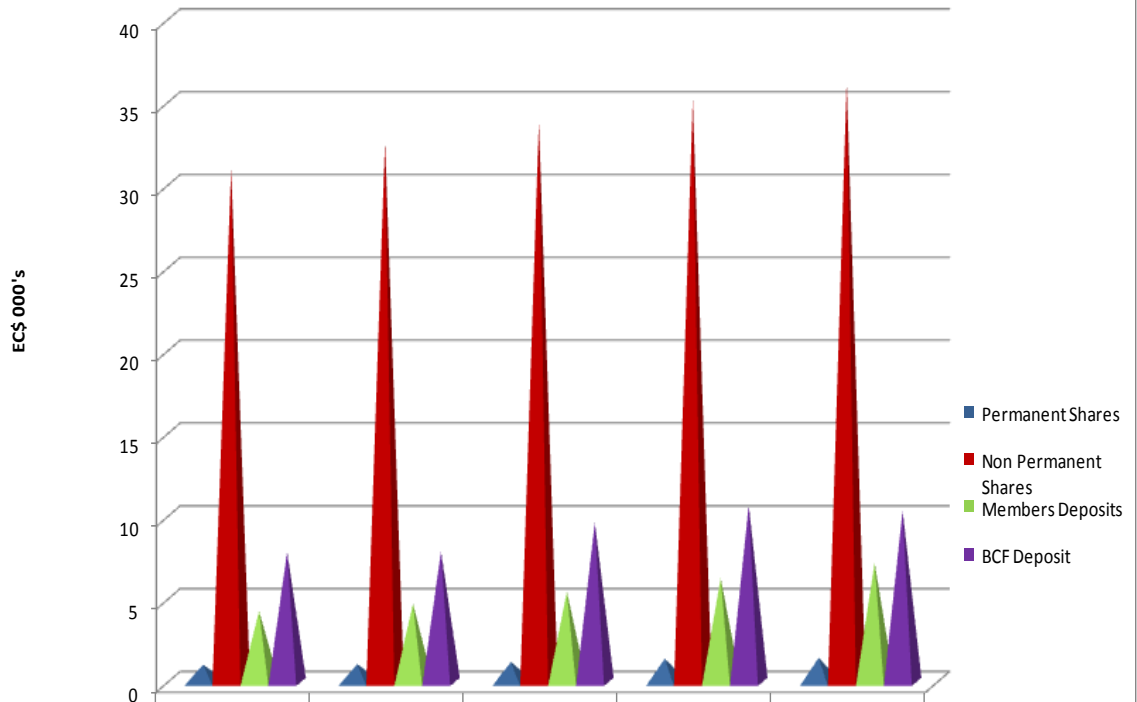
	2009	2010	2011	2012	2013
Loans to Members	38,863	40,633	41,623	43,949	45,775
Total Assets	55,227	56,508	57,498	65,332	65,053



**INTEREST INCOME ON LOANS**



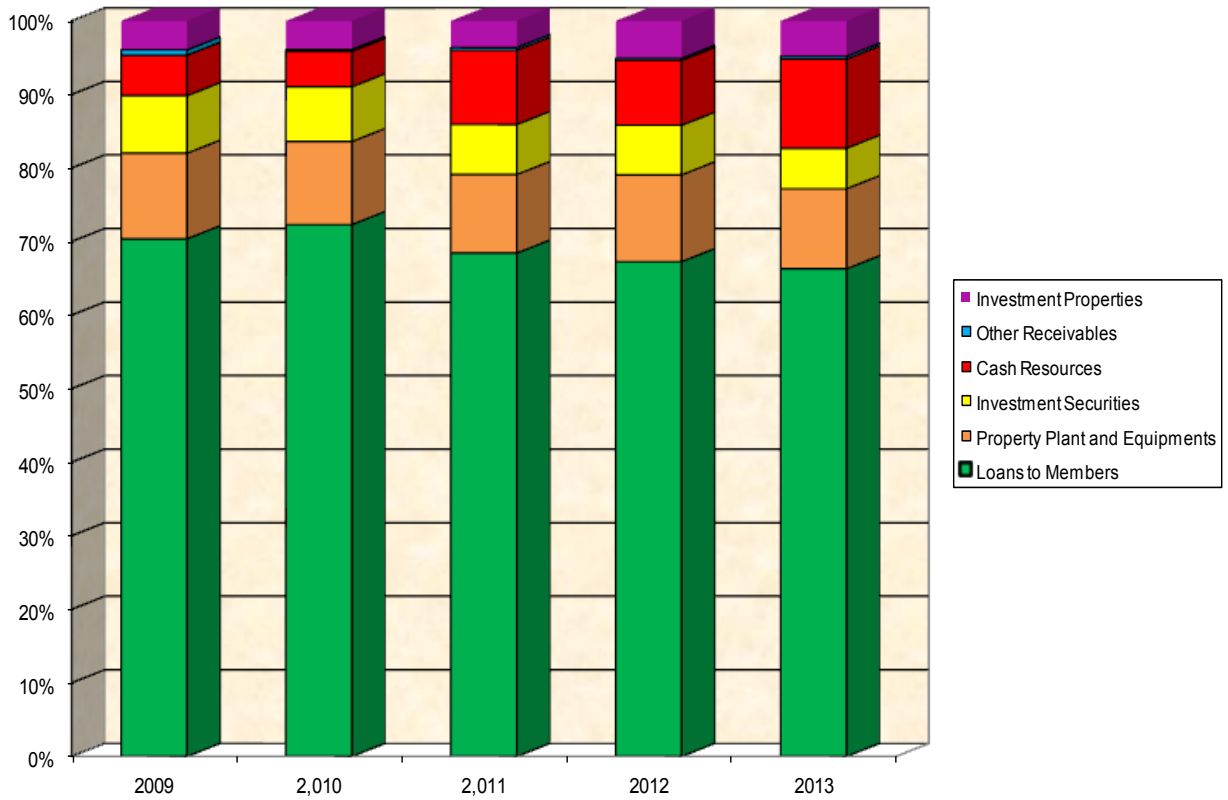
**SHARE CAPITAL AND MEMBERS' DEPOSIT**



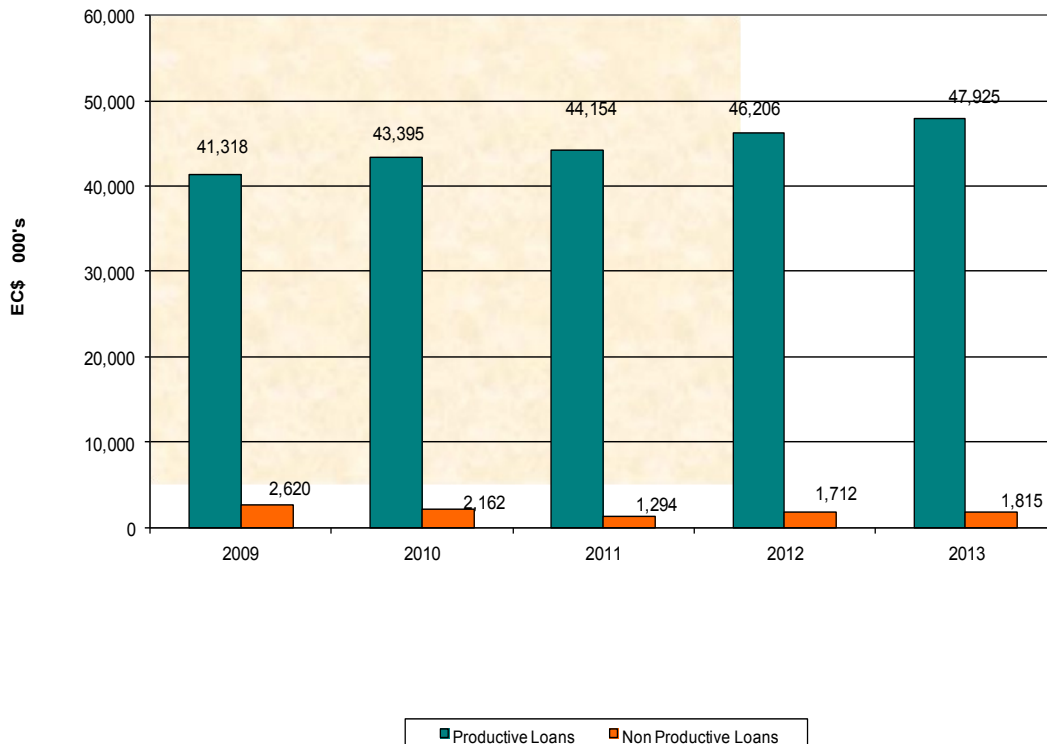
	2009	2010	2011	2012	2013
Permanent Shares	1,031	1,079	1,200	1,403	1,457
Non Permanent Shares	30,977	32,606	33,795	35,168	36,191
Members Deposits	4,272	4,719	5,447	6,265	7,186
BCF Deposit	7,843	7,883	9,635	10,664	10,339

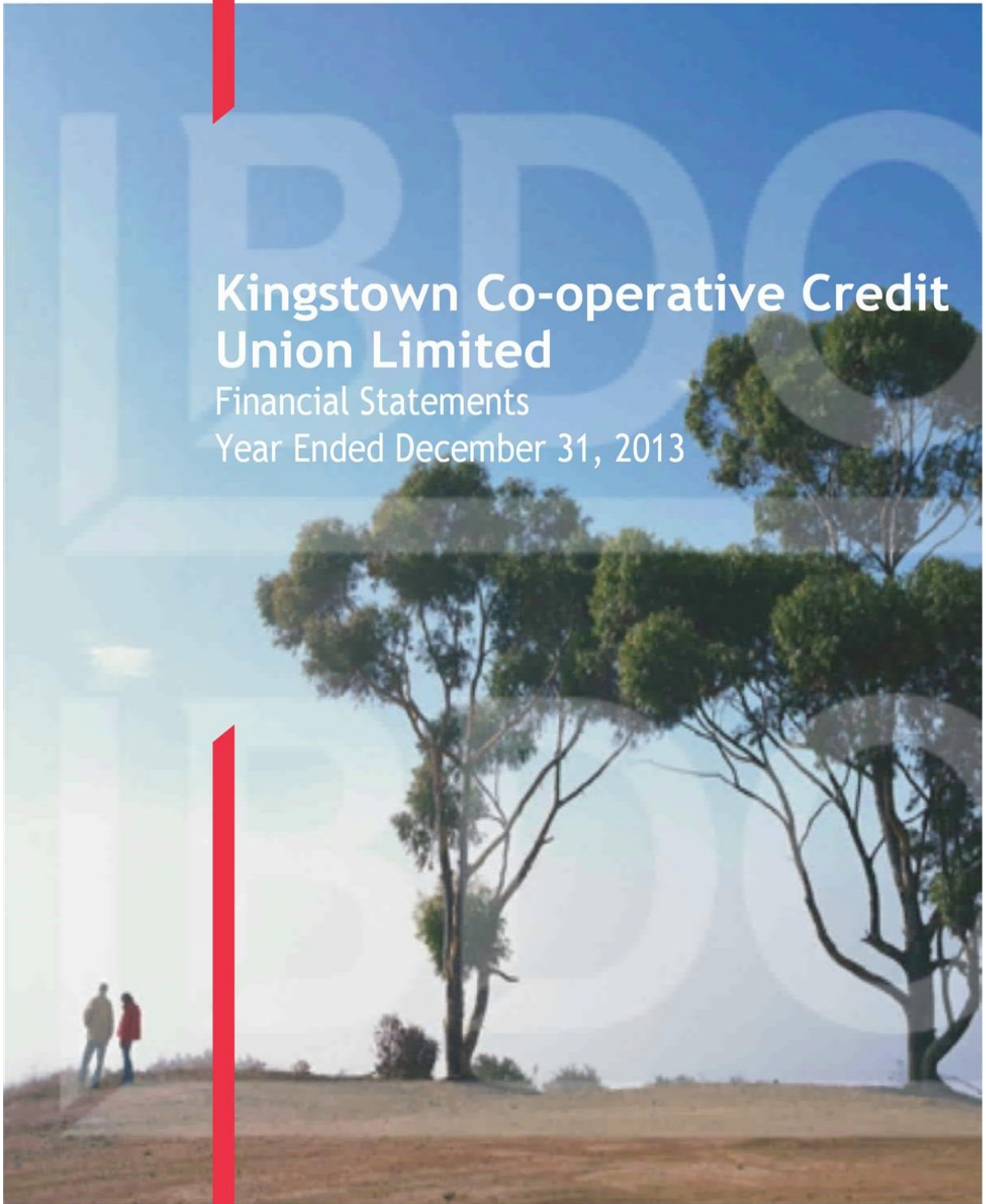
YEAR

## ASSETS



### Productive & Non Productive Loans





**Kingstown Co-operative Credit  
Union Limited**  
Financial Statements  
Year Ended December 31, 2013

## Contents

---

Page 1	Corporate Information
Pages 2 - 3	Independent Auditors' Report
Page 4	Statement of Financial Position
Page 5	Statement of Changes in Equity
Page 6	Statement of Profit or Loss and Other Comprehensive Income
Page 7	Statement of Cash Flows
Pages 8 - 28	Notes to the Financial Statements

## Corporate Information

---

1

### REGISTERED OFFICE

Granby Street  
Kingstown  
St. Vincent and the Grenadines

### BOARD OF DIRECTORS

Mr. Jerome De Shong - President  
Mr. Colin John - Vice President  
Mr. Harvey Farrell - Treasurer  
Mr. Telbert Samuel  
Mr. Gillon Federick  
Mrs. Phyllis Allen-James

### SECRETARY

Ms. Ingrid Susan Clarke

### SOLICITORS

Saunders & Huggins

### BANKERS

Bank of St. Vincent and the Grenadines Limited  
CIBC-FirstCaribbean International Bank (Barbados) Limited  
RBTT Bank Caribbean Limited

### AUDITORS

BDO  
Chartered Accountants  
Sergeant-Jack Drive  
Arnos Vale  
St. Vincent





Tel: 784-456-2300  
Fax: 784-456-2184  
www.bdo.vc

Sergeant-Jack Drive  
Arnos Vale  
P.O. Box 35  
Kingstown VC0100  
St. Vincent

## **INDEPENDENT AUDITORS' REPORT**

To the Members of  
Kingstown Co-operative Credit Union Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Kingstown Co-operative Credit Union Limited** which comprise the statement of financial position as of December 31, 2013, and the statement of changes in equity, statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### **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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with 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 the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors 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.



Tel: 784-456-2300  
Fax: 784-456-2184  
www.bdo.vc

Sergeant-Jack Drive  
Arnos Vale  
P.O. Box 35  
Kingstown VC0100  
St. Vincent

**INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
Kingstown Co-operative Credit Union Limited

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Kingstown Co-operative Credit Union Limited** as of December 31, 2013, and the results of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in blue ink, appearing to be the initials 'BDO' written in a stylized, cursive script.

March 10, 2014

# Kingstown Co-operative Credit Union Limited

4

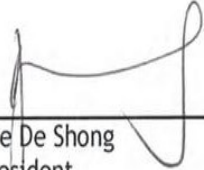
## Statement of Financial Position

As of December 31, 2013

	Notes	2013 \$	2012 \$
<b>ASSETS</b>			
Cash resources	7	8,374,223	5,763,367
Investment securities	8	3,287,539	4,321,990
Investment in associated company	9	515,352	84,280
Loans to members	10	45,775,240	43,948,550
Receivables	11	254,063	179,123
Investment properties	12	3,326,200	3,326,200
Property, plant and equipment	13	7,520,136	7,708,028
<b>Total Assets</b>		<b>69,052,753</b>	<b>65,331,538</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>Liabilities</b>			
Borrowings	14	713,993	245,711
Accounts payable and accrued liabilities		241,908	166,417
Interest payable		535,052	674,313
Deposits	15	17,524,421	16,898,492
Dividends and rebate payable		659,704	0
Redeemable member shares	16	36,191,363	35,168,212
<b>Total Liabilities</b>		<b>55,866,441</b>	<b>53,153,145</b>
<b>Members' Equity</b>			
Share capital	16	1,455,733	1,403,256
Revaluation surplus	13	3,909,345	3,909,345
Unrealised gain on investments		592,310	592,310
Statutory reserve	17	3,248,849	2,843,226
Development fund	18	15,000	10,000
Retained earnings		3,965,075	3,420,256
<b>Total Members' Equity</b>		<b>13,186,312</b>	<b>12,178,393</b>
<b>Total Liabilities and Members' Equity</b>		<b>69,052,753</b>	<b>65,331,538</b>

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

APPROVED ON BEHALF OF THE BOARD: -

  
 \_\_\_\_\_  
 Jerome De Shong  
 President

  
 \_\_\_\_\_  
 Mr. Harvey Farrell  
 Treasurer



# Kingstown Co-operative Credit Union Limited

Statement of Changes in Equity  
For the Year Ended December 31, 2013

5

	Notes	Share Capital	Revaluation Surplus	Unrealised Gain on Investments	Statutory Reserve	Development Fund	Retained Earnings	Total
		\$	\$	\$	\$	\$	\$	\$
<b>Balance as of December 31, 2011</b>		1,199,710	3,002,802	331,765	2,155,362	5,000	1,369,584	8,064,223
Net profit for the year		0	0	0	0	0	2,740,896	2,740,896
Issuance of shares		203,546	0	0	0	0	0	203,546
Appropriation to reserve fund	17	0	0	0	685,224	0	(685,224)	0
Appropriation to development fund	18	0	0	0	0	5,000	(5,000)	0
Entrance fees		0	0	0	2,640	0	0	2,640
Increase in fair value of land and buildings		0	906,543	0	0	0	0	906,543
Increase in fair value of available for sale investment securities		0	0	260,545	0	0	0	260,545
<b>Balance as of December 31, 2012</b>		1,403,256	3,909,345	592,310	2,843,226	10,000	3,420,256	12,178,393
Net profit for the year		0	0	0	0	0	952,992	952,992
Issuance of shares		52,477	0	0	0	0	0	52,477
Appropriation to reserve fund	17	0	0	0	403,173	0	(403,173)	0
Appropriation to development fund	18	0	0	0	0	5,000	(5,000)	0
Entrance fees		0	0	0	2,450	0	0	2,450
<b>Balance as of December 31, 2013</b>		1,455,733	3,909,345	592,310	3,248,849	15,000	3,965,075	13,186,312

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

# Kingstown Co-operative Credit Union Limited

6

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended December 31, 2013

	Notes	2013 \$	2012 \$
<b>Income</b>			
Interest on loans	19	4,376,118	4,339,948
Investment income	20	400,846	461,000
		<u>4,776,964</u>	<u>4,800,948</u>
<b>Interest Expense</b>		737,645	815,224
<b>Rebates and Dividends</b>		659,704	0
		<u>3,379,615</u>	<u>3,985,724</u>
<b>Net Interest Income</b>		3,379,615	3,985,724
Allowance for impairment on loans	10.2	180,000	180,000
(Recover) allowance for impairment on interest receivable	10.3	(75,456)	100,000
		<u>3,275,071</u>	<u>3,705,724</u>
Rental income		249,221	242,700
		<u>3,524,292</u>	<u>3,948,424</u>
<b>Selling Expenses</b>	21	156,985	241,848
<b>General and Administrative Expenses</b>	22	2,592,824	2,285,484
		<u>774,483</u>	<u>1,421,092</u>
<b>Other Income/Expenses</b>			
Income on death benefit plan - net	23	119,517	103,533
Commissions and miscellaneous income		170,316	194,853
Impairment of investment		0	(100,000)
Bad debt recovery		7,635	0
Increase in fair value of investment properties		0	1,121,418
Share of loss in associated company		(118,959)	0
		<u>178,509</u>	<u>1,319,804</u>
<b>Net Profit for the Year from Continuing Operations</b>		952,992	2,740,896
<b>Other Comprehensive Income</b>			
Increase in the fair value of available for sale investment securities		0	260,545
Increase in valuation of property, plant and equipment		0	906,543
		<u>952,992</u>	<u>3,907,984</u>
<b>Total Comprehensive Income for the year</b>			
<b>The following expenses are included in the foregoing:-</b>			
Depreciation		259,575	198,386
Staff cost		1,077,362	972,074

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

## Kingstown Co-operative Credit Union Limited

7

## Statement of Cash Flows

For the Year Ended December 31, 2013

	2013	2012
Note	\$	\$
<b>Operating Activities</b>		
Profit for the year	952,992	2,740,896
<b>Adjustments for</b>		
Depreciation	259,575	198,386
Interest capitalized on investments	(75,700)	0
Increase in fair value of investment properties	0	(1,121,418)
Impairment of investment securities	0	100,000
Share of loss in associated company	118,959	0
<b>Net Earnings before Changes in Operating Assets and Liabilities</b>	<b>1,255,826</b>	<b>1,917,864</b>
(Increase) decrease in other receivables	(74,940)	41,897
Increase in loans to members	(1,826,690)	(2,325,628)
Increase in accounts payable and accrued liabilities	75,491	16,832
(Decrease) increase in interest payable	(139,261)	147,145
Increase (decrease) in deposits	625,929	(167,848)
Increase in dividends and rebates payable	659,704	0
<b>Net Cash Generated from (Used in) Operating Activities</b>	<b>576,059</b>	<b>(369,738)</b>
<b>Investing Activities</b>		
Additions to property, plant and equipment	(71,683)	(501,725)
Proceeds from liquidation of investment securities	1,138,071	96,070
Purchase of investment securities	(27,920)	(113,532)
Increase in investment in associated company	(550,031)	(84,280)
<b>Net Cash Generated from (Used in) Investing Activities</b>	<b>488,437</b>	<b>(603,467)</b>
<b>Financing Activities</b>		
Repayment of borrowings	(42,394)	(40,433)
Proceeds from issuance of shares	52,477	203,546
Net increase in redeemable member shares	1,023,151	1,372,810
Entrance fees received	2,450	2,640
Dividends paid	0	(920,493)
<b>Net Cash Generated from Financing Activities</b>	<b>1,035,684</b>	<b>618,070</b>
<b>Net Movement in Cash Resources</b>	<b>2,100,180</b>	<b>(355,135)</b>
<b>Cash Resources - Beginning of Year</b>	<b>5,763,367</b>	<b>6,118,502</b>
<b>Cash Resources - End of Year</b>	<b>7,863,547</b>	<b>5,763,367</b>

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



# Kingstown Co-operative Credit Union Limited

## Index to Notes to the Financial Statements

---

Note 1	Legal Status
Note 2	Date of Authorization
Note 3	Principal Objectives
Note 4	Summary of Significant Accounting Policies
Note 5	Financial Risk Management
Note 6	Critical Accounting Estimates and Judgments
Note 7	Cash Resources
Note 8	Investment Securities
Note 9	Investment in Associated Company
Note 10	Loans to Members
Note 11	Other Receivables
Note 12	Investment Properties
Note 13	Property, Plant and Equipment
Note 14	Borrowings
Note 15	Deposits
Note 16	Share Capital
Note 17	Statutory Reserve
Note 18	Development Fund
Note 19	Interest on Loans
Note 20	Investment Income
Note 21	Selling Expenses
Note 22	General and Administrative Expenses
Note 23	Income on Death Benefit Plan - Net
Note 24	Income Tax
Note 25	Staff Cost
Note 26	Key Management Compensation
Note 27	Commitments

# Kingstown Co-operative Credit Union Limited

8

Notes to the Financial Statements  
For the Year Ended December 31, 2013

---

## 1. Legal Status

The Kingstown Co-operative Credit Union Limited was registered on April 12, 1958 under the Co-operative Societies Act 2012 of St. Vincent and the Grenadines. The Credit Union's operations are subject to the supervision of the Financial Services Authority and the Co-operatives Unit in the Ministry of National Mobilization, Social Development, The Family, Persons with Disabilities and Youth.

## 2. Date of Authorisation

These financial statements were authorised for issue by the Board of Directors on March 10, 2014.

## 3. Principal Activities

The principal activities of the Credit Union are to promote thrift among its members, to receive the savings of and to provide a source of credit to members.

## 4. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### a. Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB).

IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Credit Union's accounting policies. Although these estimates are based on management's best knowledge of current events and conditions, actual results could differ from these estimates. The areas involving a higher degree of judgment and or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

### *Standards, Interpretations and Amendments to Existing Standards Effective in 2013*

In the current year, the Credit Union has applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on January 1, 2013.

- **IFRS 13, 'Fair Value Measurement'** - IFRS 13 was issued in May 2011. This new standard aims to improve consistency and reduce complexity by providing precise definition of fair value, provides the framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies both to financial and non-financial instruments for which other IFRSs require or permit fair value measurement and disclosures about fair value measures, except in specified circumstances.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

# Kingstown Co-operative Credit Union Limited

9

Notes to the Financial Statements  
For the Year Ended December 31, 2013

---

## 4. Summary of Significant Accounting Policies (Cont'd)

### a. Basis of Preparation (Cont'd)

#### *Standards, Interpretations and Amendments to Existing Standards Effective in 2013 (Cont'd)*

- **IFRS 13, 'Fair Value Measurement' (Cont'd)**

IFRS 13 requires prospective application from January 1, 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions the Credit Union has not made any new disclosures required by IFRS 13 for the 2012 comparative period. The application of IFRS 13 has not had any material impact on the amounts recognized in the financial statements.

- **IFRS 7 - 'Financial Instruments: Disclosures' - Offsetting Financial Assets and Financial Liabilities** - The amendments to IFRS 7 require entities to disclose information about rights to offset and related arrangements for financial instruments under an enforceable master netting arrangement or similar arrangements.

The Credit Union does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the financial statements.

- **IAS 1 (Revised), 'Presentation of Financial Statements'** - The amendment to IAS 1, issued in June 2011, requires additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories:-

- (a) Items that will not be reclassified subsequently to profit or loss; and
- (b) Items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

Under the new amendments to IAS 1, the statement of comprehensive income is renamed as "statement of profit or loss and other comprehensive income". The application of the amendments to IAS 1 did not result in any impact on the Credit Union's profit or loss, other comprehensive income and total comprehensive income.

#### *Standards, Interpretations and Amendments to Existing Standards Effective for reporting periods on or after January 1, 2013, but not Relevant*

The following standards are not relevant to the Credit Union's operations

- **IFRS 10, 'Consolidated Financial Statements'**
- **IFRS 11, 'Joint Arrangements'**
- **IFRS 12, 'Disclosure of Interest in Other Entities'**
- **IAS 19, 'Employee Benefits'**



## Kingstown Co-operative Credit Union Limited

10

Notes to the Financial Statements  
For the Year Ended December 31, 2013

---

### 4. Summary of Significant Accounting Policies (Cont'd)

#### a. Basis of Presentation (Cont'd)

##### *Standards, Interpretations and Amendments to Existing Standards that are not yet Effective and have not been Early Adopted by the Credit Union*

The Credit Union has not applied the following new and revised IFRSs that have been issued but are not yet effective.

- **IFRS 9 (Amendment) - 'Financial Instruments' (Effective January 1, 2015)** - The amendment requires all recognized financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently carried at amortized cost or fair value. The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit and loss) attributable to changes in the credit risk of that liability. The Credit Union anticipates that the application of IFRS 9 in the future will not have a significant impact in amounts reported in respect of financial assets and financial liabilities.
- **IAS 32 - 'Financial Instruments: Presentation' (Effective January 1, 2014)** - The amendments address inconsistencies in current practice when applying the offsetting criteria. They clarify the meaning of 'currently has legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The Credit Union does not anticipate the application of the amendments to IAS 32 will have a significant impact on the financial statements as it does not have significant financial assets and financial liabilities that qualify for offset.

#### b. Cash, Cash Equivalents and Short-term Investment Securities

Cash equivalents include highly liquid investments with insignificant interest rate risk and original maturities of ninety (90) days or less at the date of purchase. Investments with maturities between ninety (90) days and one year at the date of purchase are considered to be short-term investment securities. Short-term investment securities consist primarily of investment grade commercial paper, bankers acceptances, and certificates of deposit.

#### c. Loans to Members and Allowance for Impairment

Loans to members are initially recognised at amortized cost using the effective rate method.

Subsequently loans are carried at amortized cost less allowance for impairment. The allowance for impairment is based on an annual appraisal of loans. Specific and general allowance for loan impairment is based on the reporting date appraisal of loans. The specific element relates to identified loans whereas the general element relates to latent bad and doubtful loans which are present in any loan portfolio but have not been specifically identified. Loans are written down to estimated realisable value when the normal financing relationship with the member has ceased; interest on the loan up to that time is credited to operations and allowance is made where appropriate.

#### d. Interest Income and Expense

Interest income and expense are recognized in the statement of profit or loss for all instruments measured at amortized cost using the accrual method, except for held-to-maturity investments, which used the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

# Kingstown Co-operative Credit Union Limited

11

Notes to the Financial Statements  
For the Year Ended December 31, 2013

---

## 4. Summary of Significant Accounting Policies (Cont'd)

### d. Interest Income and Expense (Cont'd)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability when calculated. When calculating the effective interest rate, the Credit Union estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or discounts received between parties to the contract that are an integral part of the effective interest rate.

### e. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

### f. Revenue on Non-Productive Loans

Revenue is recognised on loans categorised as non-productive only to the extent that interest payments have been received or where receipt is probable.

### g. Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation except land and building which are stated at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Increases in the carrying amount arising on revaluation of land and buildings are included in other comprehensive income and ultimately credited to revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to the statement of profit or loss.

Land is not depreciated. Depreciation of other assets is calculated using a straight line method as to allocate their cost less their residual values over their estimated useful lives, as follows:-

Furniture and equipment	-	10 - 20%
Building	-	2%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other income/expenses in the statement of profit or loss. Any gains or losses arising on the remeasured value of the Credit Union's property are included in other comprehensive income.

Repairs and maintenance are charged to the statement of profit or loss account when the expenditure is incurred.



# Kingstown Co-operative Credit Union Limited

12

Notes to the Financial Statements  
For the Year Ended December 31, 2013

---

## 4. Summary of Significant Accounting Policies (Cont'd)

### h. Investment Properties

Investment properties are accounted for by the fair value model. Accordingly, gains or losses arising from changes in the fair value of investment properties are included in the statement of profit or loss.

### i. Borrowings

Borrowings are recognized initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortized cost and any difference between the net proceeds and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

### j. Borrowing Cost

Generally, borrowing cost is recognised as an expense in the period in which it is incurred; except where such cost is directly attributable to the acquisition, production or construction of an asset which takes a substantial period of time to get ready for its intended use.

### k. Foreign Currency Translation

These financial statements are expressed in Eastern Caribbean dollars, which is the Credit Union's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security.

Translation differences related to changes in the amortised cost are recognised in the statement of profit and loss, and other changes in the carrying amount are recognised through other comprehensive income.

Translation differences on non-monetary items, such as equities held at fair value are recognised through statement of profit or loss, and are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value in other comprehensive income and ultimately accounted for under reserves in equity.

### l. Financial Assets

The Credit Union classified its financial assets in the following categories:

- (i) financial assets at fair value through profit or loss;
- (ii) loans and receivables;
- (iii) held-to-maturity investments; and
- (iv) available-for-sale financial assets.

## Kingstown Co-operative Credit Union Limited

13

Notes to the Financial Statements  
For the Year Ended December 31, 2013

---

### 4. Summary of Significant Accounting Policies (Cont'd)

#### I. Financial Assets (Cont'd)

##### a. Classification:

##### i) *Fair Value through Profit or Loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

##### ii) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Credit Union's loans and receivables comprise 'other receivables', 'loans to members' and 'cash resources' in the statement of financial position.

##### iii) *Held-to-Maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Credit Union's management has positive intention and ability to hold to maturity. If the Credit Union were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale.

##### iv) *Available-for-Sale Financial Assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

##### b. Recognition and Measurement

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Credit Union commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss and initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Credit Union has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within 'impairment of investment' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of investment income when the Credit Union's right to receive payments is established.



# Kingstown Co-operative Credit Union Limited

14

Notes to the Financial Statements  
For the Year Ended December 31, 2013

---

## 4. Summary of Significant Accounting Policies (Cont'd)

### i. Financial Assets (Cont'd)

#### b. Recognition and Measurement (Cont'd)

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss as 'impairment of investment'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of profit or loss as part of investment income. Dividends on available-for-sale equity instruments are recognised in the statement of profit or loss as part of investment income when the Credit Union's right to receive payments is established.

#### m. Impairment of Financial Assets

##### *Assets Carried at Amortised Cost*

The Credit Union assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Credit Union uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest
- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales)
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Deterioration in the value of collateral
- Downgrading below investment grade level

The estimated period between losses occurring and their identification is determined by management for each identified portfolio. In general, the periods used vary between three months and twelve months; in exceptional cases, longer periods are warranted.

The Credit Union first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Credit Union determines that no objective evidence of impairment exist for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are included in a collective assessment for impairment.

## Kingstown Co-operative Credit Union Limited

15

Notes to the Financial Statements  
For the Year Ended December 31, 2013

---

#### 4. Summary of Significant Accounting Policies (Cont'd)

##### m. Impairment of Financial Assets (Cont'd)

###### *Assets Carried at Amortised Cost (Cont'd)*

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Credit Union may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

The Credit Union assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of profit or loss.

###### *Renegotiated Loans*

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due on the basis of the renegotiated terms and conditions.

##### n. Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.



## Kingstown Co-operative Credit Union Limited

16

Notes to the Financial Statements  
For the Year Ended December 31, 2013

---

## 4. Summary of Significant Accounting Policies (Cont'd)

## o. Share Capital

## Share Capital Costs

The proceeds from the issue of new shares, except shares redeemable at the option of the holder, are accounted for as equity, net of transaction costs. Shares which are redeemable at the option of the holder are accounted for as financial liabilities.

## Dividends

Dividends on shares, other than those redeemable at the option of the holder, are recognised in equity in the period in which they are approved by the directors. Dividends on shares, which are redeemable at the option of the holders, are accounted for as a charge in profit or loss in the period they are approved by the directors.

## 5. Financial Risk Management

## a. Financial Risk Factors

The Credit Union's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Credit Union's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Credit Union's financial performance. The Credit Union has not entered into forward contracts to reduce its risk exposure.

## i) Credit Risk

The exposure to credit risk is dependent on the degree of failure of counter-parties, including its customers, banks and other debtors, to honour their obligations to the Credit Union. The Credit Union's credit risk is spread primarily over a diversity of private customers, commercial entities, and government securities.

The following summarizes the maximum credit risk:-

	2013	2012
	\$	\$
Loans and advances	45,775,240	43,948,550
Other receivables	212,934	157,996
Deposits with commercial banks	8,278,203	5,688,512
Investment securities	3,287,539	4,321,990
	<u>57,553,916</u>	<u>54,117,048</u>

## ii) Liquidity Risk

In order to manage liquidity risks, management seeks to maintain levels of cash in each operating currencies, which are sufficient to meet reasonable expectations of its short-term obligations. Undisbursed loans are monitored closely on a monthly basis.

## Kingstown Co-operative Credit Union Limited

17

Notes to the Financial Statements  
For the Year Ended December 31, 2013

---

### 5. Financial Risk Management (Cont'd)

#### a. Financial Risk Factors (Cont'd)

##### iii) Market Risks

##### a. Foreign Exchange Risk

This is the risk of an investment's value changing due to changes in the currency exchange rates. Investments held in a foreign currency are retranslated at the reporting date using prevailing foreign exchange rates.

##### b. Price Risk

This is the risk that foreign investments held by the Credit Union will change in value due to changes due to a fall in market price. The company has hedged against this risk by diversifying its portfolio of securities.

##### c. Fair value and Cash Flow Interest Rate Risk

The Credit Union's interest rate risk arises from long-term borrowings. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The Credit Union has opted to keep all borrowings down to a minimum.

#### b. Fair Value of Financial Assets and Liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by quoted market value, if one exists.

The Credit Union's financial assets and financial liabilities as disclosed in the statement of financial position approximate their fair value.

### 6. Critical Accounting Estimates and Judgments

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Credit Union makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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. Estimated Impairment of Assets

The Credit Union tests annually whether assets have suffered any impairment in accordance with the accounting policy stated in significant accounting policies section. The recoverable amounts of some assets have been determined based on value-in-use calculations. These calculations require the use of estimates.

#### b. Valuation of Property

The Credit Union utilizes professional valuers to determine the fair value of its properties. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumption chosen.

# Kingstown Co-operative Credit Union Limited

18

Notes to the Financial Statements  
For the Year Ended December 31, 2013

**6. Critical Accounting Estimates and Judgments (Cont'd)**

**c. Fair value of financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The shares held in St. Vincent Co-operative Credit Union League, classified as available-for-sale financial assets, are not traded in active markets. The carrying amount of the available-for-sale financial assets would be estimated using the value of the members' equity in the audited financial statements of St. Vincent Co-operative Credit Union League.

**7. Cash Resources**

	2013	2012
	\$	\$
Cash on hand	96,020	74,855
Demand deposits	323,882	391,130
Short-term bank deposits	7,954,321	5,297,382
	<u>8,374,223</u>	<u>5,763,367</u>

The effective interest rate on short-term bank deposits is 3.52% (2012: 3.55%).

All cash deposits are denominated in Eastern Caribbean currency.

Cash on hand, bank deposits and bank overdraft include the following for the purpose of the cash flow statement:

	2013	2012
	\$	\$
Cash resources	8,374,223	5,763,367
Bank overdraft (Note 14)	(510,676)	0
	<u>7,863,547</u>	<u>5,763,367</u>



# Kingstown Co-operative Credit Union Limited

19

Notes to the Financial Statements  
For the Year Ended December 31, 2013

## 8. Investment Securities

	2013	2012
	\$	\$
<b>Securities held-to-maturity</b>		
7.5% Government of St. Vincent and the Grenadines amortising bonds, repayable in 19 equal instalments maturing August 2016	73,927	98,570
7% Government of St. Vincent and the Grenadines bonds, interest payable on March 16 and September 16 each year to maturity on March 16, 2013	0	1,040,000
8% Government of St. Vincent and the Grenadines amortising bonds, repayable in 14 equal instalments maturing March 2016	178,572	250,000
5% St. Vincent and the Grenadines Credit Union League Term Deposits	294,878	280,836
St. Vincent and the Grenadines Credit Union League 4% Central Finance Facility Deposit	13,952	13,415
6% St. Vincent Building and Loan Association Special Deposit	0	1,025,274
6% St. Vincent Building and Loan Association Special Deposit	0	699,385
3% St. Vincent Building and Loan Association Special Deposit, maturity August 31, 2014	212,122	0
3.25% St. Vincent Building and Loan Association Special Deposit, maturing February 28, 2015	212,122	0
3.25% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2015	212,122	0
3.50% St. Vincent Building and Loan Association Special Deposit, maturing February 28, 2016	212,122	0
3.50% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2016	212,122	0
3% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2014	144,634	0
3.25% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2014	144,634	0
3.25% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2014	144,634	0
3.50% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2014	144,634	0
3.50% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2014	144,634	0
British American 8.5% Corporate Savings Contract, maturity October 24, 2009	100	100
	<u>2,345,209</u>	<u>3,407,580</u>



## Kingstown Co-operative Credit Union Limited

20

Notes to the Financial Statements  
For the Year Ended December 31, 2013

## 8. Investment Securities (Cont'd)

	2013 \$	2012 \$
<b>Securities available-for-sale</b>		
Eastern Caribbean Co-operative Central Limited	10,000	10,000
FirstCaribbean International Bank (Barbados) Limited - 70,000 common shares, at fair value	286,773	286,773
Shares in Credit Union League - 20,000 shares, at fair value	604,337	604,337
East Caribbean Home Mortgage Bank Shares - 133 shares, at fair value	13,300	13,300
Bank of St. Vincent and the Grenadines - 3,000 common shares	25,920	0
St. Vincent Building and Loan Association	2,000	0
	<u>942,330</u>	<u>914,410</u>
<b>Total Investment Securities</b>	<u>3,287,539</u>	<u>4,321,990</u>

The effective interest rates at reporting date were as follows: -

	2013 %	2012 %
Government of St. Vincent & the Grenadines bonds	8.01	7.68
St. Vincent and the Grenadines Credit Union League	4.95	4.77
St. Vincent Building and Loan Association	3.30	6.09

	Available for sale \$	Held to maturity \$	Total \$
<b>At January 1, 2013</b>	914,410	3,407,580	4,321,990
Additions	27,920	0	27,920
Disposal/redemption	0	(1,138,071)	(1,138,071)
Interest capitalized	0	75,700	75,700
<b>At December 31, 2013</b>	<u>942,330</u>	<u>2,345,209</u>	<u>3,287,539</u>
<b>At January 1, 2012</b>	738,145	3,405,838	4,143,983
Additions	0	197,812	197,812
Reclassified	(84,280)	0	(84,280)
Impairment of investment securities	0	(100,000)	(100,000)
Disposal/redemption	0	(96,070)	(96,070)
Unrealized gains	260,545	0	260,545
<b>At December 31, 2012</b>	<u>914,410</u>	<u>3,407,580</u>	<u>4,321,990</u>

## Kingstown Co-operative Credit Union Limited

21

Notes to the Financial Statements  
For the Year Ended December 31, 2013**8. Investment Securities (Cont'd)**

On February 1, 2013, the Financial Services Authority assumed control over the operations of the St. Vincent Building & Loan Association amid concerns surrounding the soundness of its financial operations.

On September 1, 2013, a capitalisation plan was implemented with the aim of improving solvency and liquidity of the Association. Withdrawals from the Association were to be restricted to \$2,500 monthly. As of reporting date, the Credit Union held Building & Loan Association certificates having a nominal value of \$1,883,780 (2012: \$1,824,659). In accordance with IFRS 13, the Credit Union recorded an impairment charge of \$100,000 in its deposit with that association in 2012. As of reporting date, no further impairment has been recorded.

The Credit Union's investment securities currency holdings denominations are as follows: -

	2013	2012
	\$	\$
Eastern Caribbean currency	3,000,766	4,035,217
Barbados currency	286,773	286,773
	<u>3,287,539</u>	<u>4,321,990</u>

**9. Investment in Associated Company**

The Credit Union holds 31% of the outstanding shares of SVG Small Business and Micro Finance Co-operative Limited (COMFI).

The investment in associated company is initially recognised at cost and subsequently adjusted for post acquisition share of profit or loss and impairment in fair value.

	2013	2012
	\$	\$
Investments at the beginning of the year	84,280	0
Additions	550,031	0
Reclassified	0	84,280
Share of profit (losses)	(118,959)	0
	<u>515,352</u>	<u>84,280</u>

The investment was initially recognised at \$634,311.

As at reporting date, the net asset value of the associated company was as follows:-

	2013	2012
	\$	\$
SVG Small Business and Micro-Finance Cooperative Limited (COMFI)	1,647,590	0

**10. Loans to Members**

	2013	2012
	\$	\$
Loans partially secured by shares	18,702,184	19,333,075
Micro loans	366,142	402,387
Mortgage loans	25,748,996	23,139,834
Student loans	3,107,933	3,330,732
	<u>47,925,255</u>	<u>46,206,028</u>
Allowance for loan losses (Note 10.2)	(2,294,885)	(2,326,814)
	<u>45,630,370</u>	<u>43,879,214</u>
Interest receivable net	144,870	69,336
	<u>45,775,240</u>	<u>43,948,550</u>

The effective interest yield during the year on loans to members was 9% (2012: 10%).

## Kingstown Co-operative Credit Union Limited

22

Notes to the Financial Statements  
For the Year Ended December 31, 2013

**10. Loans to Members (Cont'd)****10.1. Loans to Members Impairment Analysis**

Loans and advances are summarised as follows:

	2013	2012
	\$	\$
Neither past due nor impaired	44,713,600	43,533,206
Past due but not impaired	1,396,274	961,265
Impaired	1,815,381	1,711,557
Gross	47,925,255	46,206,028
Less: allowance for impairment (Note 10.2)	(2,294,885)	(2,326,814)
	45,630,370	43,879,214
Interest receivable, net	144,870	69,336
	<u>45,775,240</u>	<u>43,948,550</u>

**Loans to Members Past Due not Impaired**

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. The gross amount of loans to members that were past due but not impaired was as follows:

	2013	2012
	\$	\$
Past due up to 30 days	1,085,840	213,058
Past due 30 - 60 days	236,437	161,343
Past due 60 - 90 days	73,997	586,864
Total	<u>1,396,274</u>	<u>961,265</u>

**10.2. Allowance for Impairment on Loans**

The reconciliation of allowance account for losses on loans to members is as follows:

	2013	2012
	\$	\$
Balance at the beginning of the year	2,326,814	2,675,863
Charge for the year	180,000	180,000
Write off	(211,929)	(529,049)
Balance at end of the year	<u>2,294,885</u>	<u>2,326,814</u>

All loans to members are denominated in Eastern Caribbean currency.

**10.3. Allowance for Impairment on Loan Interest Receivable**

	2013	2012
	\$	\$
Balance at the beginning of the year	352,335	329,309
Charge for the year	0	100,000
Write off for the year	(75,456)	(76,974)
Balance at the end of year	<u>276,879</u>	<u>352,335</u>



## Kingstown Co-operative Credit Union Limited

23

Notes to the Financial Statements  
For the Year Ended December 31, 2013

## 11. Other Receivables

	2013	2012
	\$	\$
Interest receivable - investment	151,646	108,106
Prepaid expenses	41,129	21,127
Accounts receivable	61,288	49,890
	<u>254,063</u>	<u>179,123</u>

## 12. Investment Properties

	2013	2012
	\$	\$
Carrying value at beginning of year	3,326,200	2,204,782
Revaluation surplus	0	1,121,418
Carrying value at end of year	<u>3,326,200</u>	<u>3,326,200</u>

On February 14, 2013, the Credit Union's investment properties were valued by Edric Lewis and Associates, an independent valuator, on an open market basis. The directors adopted the combined appraisal value of \$3,326,200 in the Credit Union's records in December 2012. As a result, the excess of \$1,121,418 over the carrying value was credited to the statement of profit or loss in 2012.

## 13. Property, Plant and Equipment

	Land	Building	Furniture & Equipment	Total
	\$	\$	\$	\$
<b>At January 1, 2012</b>				
Cost or valuation	1,788,930	4,927,414	1,105,445	7,821,789
Accumulated depreciation	0	(473,205)	(850,438)	(1,323,643)
Net book amount	<u>1,788,930</u>	<u>4,454,209</u>	<u>255,007</u>	<u>6,498,146</u>
<b>Year Ended December 31, 2012</b>				
Opening net book amount	1,788,930	4,454,209	255,007	6,498,146
Additions	0	0	501,725	501,725
Revaluation surplus	379,470	527,073	0	906,543
Depreciation charge	0	(114,682)	(83,704)	(198,386)
Closing net book amount	<u>2,168,400</u>	<u>4,866,600</u>	<u>673,028</u>	<u>7,708,028</u>
<b>At December 31, 2012</b>				
Cost or valuation	2,168,400	4,866,600	1,570,213	8,605,213
Accumulated depreciation	0	0	(897,185)	(897,185)
Net book amount	<u>2,168,400</u>	<u>4,866,600</u>	<u>673,028</u>	<u>7,708,028</u>
<b>Year Ended December 31, 2013</b>				
Opening net book amount	2,168,400	4,866,600	673,028	7,708,028
Additions	0	0	71,683	71,683
Depreciation charge	0	(97,331)	(162,244)	(259,575)
Closing net book amount	<u>2,168,400</u>	<u>4,769,269</u>	<u>582,467</u>	<u>7,520,136</u>
<b>At December 31, 2013</b>				
Cost or valuation	2,168,400	4,866,600	1,641,896	8,676,896
Accumulated depreciation	0	(97,331)	(1,059,429)	(1,156,760)
Net book amount	<u>2,168,400</u>	<u>4,769,269</u>	<u>582,467</u>	<u>7,520,136</u>

## Kingstown Co-operative Credit Union Limited

24

Notes to the Financial Statements  
For the Year Ended December 31, 2013**13. Property, Plant and Equipment (Cont'd)**

On February 14, 2013, the Credit Union's land and building were valued by Edric Lewis and Associates, an independent valuator, on an open market basis. The directors adopted the combined appraisal value of \$7,035,000 in the Credit Union's records in December 2012. As a result, the cumulative excess of the value of land and building of \$3,909,345 (2012: \$3,909,345) over net book value was credited to revaluation surplus and included in other comprehensive income.

Depreciation expense of \$259,575 (2012: \$198,386) has been charged to general and administrative expenses.

**14. Borrowings**

	2013 \$	2012 \$
<b>Current</b>		
Bank of St. Vincent and the Grenadines Limited overdraft	510,676	0
Bank of St. Vincent and the Grenadines Limited/Caribbean Development Bank Student Loan Scheme 5% loan repayable in quarterly instalments of \$13,486, due March 2018	44,644	42,450
	<u>555,320</u>	<u>42,450</u>
<b>Non-Current Borrowings</b>		
Bank of St. Vincent and the Grenadines Limited/Caribbean Development Bank Student Loan Scheme 5% loan repayable in quarterly instalments of \$13,486, due March 2018	158,673	203,261
	<u>713,993</u>	<u>245,711</u>

The exposure of the Credit Union's borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are as follows: -

The maturity of borrowings is as follows: -

	2013 \$	2012 \$
12 months and less	555,320	42,450
1 - 5 years	158,673	203,261
	<u>713,993</u>	<u>245,711</u>

The effective interest rates at the balance sheet date were as follows: -

	2013 %	2012 %
Bank of St. Vincent and the Grenadines/ Caribbean Development Bank Student Loan Scheme	5.09	5.11
Bank of St. Vincent and the Grenadines bank overdraft	12.05	11.00

All borrowings are denominated in Eastern Caribbean currency.

# Kingstown Co-operative Credit Union Limited

25

Notes to the Financial Statements  
For the Year Ended December 31, 2013

## 15. Deposits

	2013 \$	2012 \$
Members' demand deposits	7,185,528	6,264,805
Building capitalisation fund shares	10,338,893	10,633,687
	<u>17,524,421</u>	<u>16,898,492</u>

The building capitalization fund shares have varying maturity dates.

The effective interest rates at the reporting date were as follows: -

	2013 %	2012 %
Members' demand deposits	2.70	2.68
Building capitalisation fund shares	5.28	5.64

All deposits are denominated in Eastern Caribbean currency.

## 16. Share Capital

### Issued Share Capital

	2013 Share Numbers	2012 Share Numbers
Redeemable \$5 par value member shares	7,256,070	7,051,821
Non-redeemable fully paid \$5 par value member shares	273,348	262,472

	2013 \$	2012 \$
<b>Paid-up Capital</b>		
<b>Reported as Financial Liabilities</b>		
Redeemable \$5 par value member shares	36,191,363	35,168,212
<b>Reported as Equity</b>		
Non-redeemable fully paid \$5 par value member shares	1,366,740	1,312,360
Subscription for non-redeemable \$5 par value member shares	88,993	90,896
	<u>1,455,733</u>	<u>1,403,256</u>
	<u>37,647,096</u>	<u>36,571,468</u>

Each member, notwithstanding the number of shares held, is entitled to one vote. Further, each member is required to hold a minimum of 20 non-redeemable \$5 par value shares.

The Credit Union shall not pay a dividend if its institutional capital is less than 10% of its assets.



## Kingstown Co-operative Credit Union Limited

26

Notes to the Financial Statements  
For the Year Ended December 31, 2013

**17. Statutory Reserve**

Article 16.1 of the Credit Union's By-Laws provides that, entrance fees and fines collected from members, and at least 20% of net profits, shall be credited to a Reserve Fund. The Reserve Fund may be used to meet bad debts and other extraordinary losses. The Reserve Fund shall be maintained in a liquid form to satisfaction of the Registrar.

	2013	2012
	\$	\$
Balance - beginning of year	2,843,226	2,155,362
Entrance fees	2,450	2,640
Appropriation for year	403,173	685,224
Balance - end of year	<u>3,248,849</u>	<u>2,843,226</u>

**18. Development Fund**

	2013	2012
	\$	\$
Balance - beginning of year	10,000	5,000
Appropriation for year	5,000	5,000
Balance - end of year	<u>15,000</u>	<u>10,000</u>

Pursuant to section 125 of the Co-operative Societies Act 2012, the Credit Union shall appropriate such sums, not exceeding ten percent, of net profit to a Development Fund for the development of registered societies. The development fund is not maintained in a segregated fund.

**19. Interest on Loans**

	2013	2012
	\$	\$
Mortgage loans	2,026,655	1,981,107
Consumer loans	1,738,285	1,561,926
Vehicle loans	356,114	439,510
Education loans	249,272	300,830
Non-productive loans	5,792	56,575
	<u>4,376,118</u>	<u>4,339,948</u>

**20. Investment Income**

Investment income comprises:

	2013	2012
	\$	\$
Interest on bank deposits and fixed deposits	359,844	338,446
Interest on held to maturity securities	32,920	108,180
Dividends	8,082	14,374
	<u>400,846</u>	<u>461,000</u>

Kingstown Co-operative Credit Union Limited

27

Notes to the Financial Statements  
For the Year Ended December 31, 2013

21. Selling Expenses

	2013 \$	2012 \$
Donations	20,330	28,573
Publicity, promotions and sponsorship	106,141	183,275
Scholarship funds	30,514	30,000
	156,985	241,848

22. General and Administrative Expenses

	2013 \$	2012 \$
Agency expenses	3,600	3,600
Annual general meeting expense	36,758	49,142
Annual licence fee	2,390	20,983
Audit and accounting fees	41,586	33,375
Bad debts	74,811	0
Bank charges	3,679	6,819
Board and committee meetings	102,945	95,802
Conventions and summits	33,025	56,557
Depreciation expense	259,575	198,386
Electricity	111,877	93,665
General insurance	48,701	48,660
Insurance on loans and shares	318,318	264,901
League dues	50,657	51,039
Professional fees	43,248	17,250
Rates and taxes	5,321	5,473
Repairs and maintenance - building	76,509	54,114
- equipment	3,138	9,944
Rental expense	27,600	28,956
Security	78,767	82,991
Staff costs	1,077,362	997,074
Stationery and office supplies	103,803	88,940
Telephone	56,450	52,862
Travel	20,418	13,919
Water	12,286	11,032
	2,592,824	2,285,484

23. Income on Death Benefit Plan - Net

	2013 \$	2012 \$
Death benefit contributions	182,850	175,225
Death benefit claims paid	(63,333)	(71,692)
	119,517	103,533



# Kingstown Co-operative Credit Union Limited

28

Notes to the Financial Statements  
For the Year Ended December 31, 2013

---

**24. Income Tax**

The Credit Union is exempt from income tax.

**25. Staff Cost**

	2013	2012
	\$	\$
Bonus	29,870	31,296
Staff medical insurance	17,498	16,106
National Insurance contributions	34,040	34,150
Salaries and wages	896,492	851,728
Severance	36,227	31,092
Staff training and education	46,622	2,817
Staff uniform	16,613	29,885
	<u>1,077,362</u>	<u>997,074</u>
Number of employees at reporting date	<u>23</u>	<u>26</u>

**26. Key Management Compensation**

	2013	2012
	\$	\$
Salaries and wages	457,237	436,505
National Insurance contributions	13,825	13,753
	<u>471,062</u>	<u>450,258</u>

**27. Commitments**

The Credit Union is committed to a monthly rental of \$2,300 for premises under an operating lease.

**11. Credit Committee Report for the 52nd Annual General Meeting of the Kingstown Co-operative Credit Union Limited for the period January to December 2013 at the Peace Memorial Hall on 28th April, 2014**

Another year of operation has passed and the Credit Committee is pleased to report to the general membership.

The following persons served on the Credit Committee for the year under review:

Bro. Alston Scott	Chairman
Bro. Bernard John	Member
Sis. Caleiz Bascombe James	Member (resigned)
Sis. Cynthia Hope Browne	Member
Sis. Angelita Miller	Member
Bro. Terral Mapp	Member

Bro. Alston Scott was elected as Chair of the committee for the year under review. Secretarial duties were shared between Sis. Cynthia Browne and Sis. Angelita Miller. Sis. Caleiz Bascombe James resigned to pursue studies and Bro Terral Mapp was brought on board in October to fill the vacancy. A total of thirty two (32) meetings were held during the year.

**11.1 FUNCTION AND OPERATION OF THE CREDIT COMMITTEE**

The Credit Committee is a vital part of the credit union which meets every Tuesday, with the exception of holidays, primarily to review loans beyond the threshold of the internal Management. Meetings generally commence at five o'clock. A member of the committee, normally the chairperson attends monthly board meeting, where a report is tabled on the activities of the committee for the previous month.

The duties of the committee include, but are not limited to:

- reviewing and approving loans that fall within their control and as set out in the loan policies, in compliance with leading standards;
- interviewing members; and
- offering counseling when required; and conducting periodic checks on loans granted by the office.

**ATTENDANCE TABLE**

<b>NAMES</b>	<b>PRESENT</b>
Alston Scott	30
Bernard John	30
Cynthia Hope	30
Angelita Miller	21
Terral Mapp	17
Caleiz Bascombe	7

**11.2 OVERVIEW**

The year 2013 was a very challenging one for the committee and the credit union as the demand for and servicing of loans continued to be stifled by the deleterious effects of the global financial and economic crisis on income generation in St Vincent and the Grenadines. Almost equally challenging, was the increasing competition from other financial institutions, particularly the banking sector which continued to offer mortgages at lower interest rates. However, we must not forget our strengths: our loans are protected and our commercial loans are at a much lower interest rate at 12%, relative 14% - 18% at other non co-operative lending institutions. When you save with the credit union you build the credit union and your money stays in the country and intuitively, builds the country too, consistent with the over-arching mission of KCCU Ltd. It is with this mind and in spirit, that we take this opportunity to encourage you the Members to continue saving in the credit union and remember we always have our members interest at heart. After all, you are the owners of the institution.

With the Financial Services Authority on Board as the prime regulator of credit unions, we continue our work to ensure that we are not only in compliance with the Co-operative Society Act 2012 but also aligned to regional and international best practices.

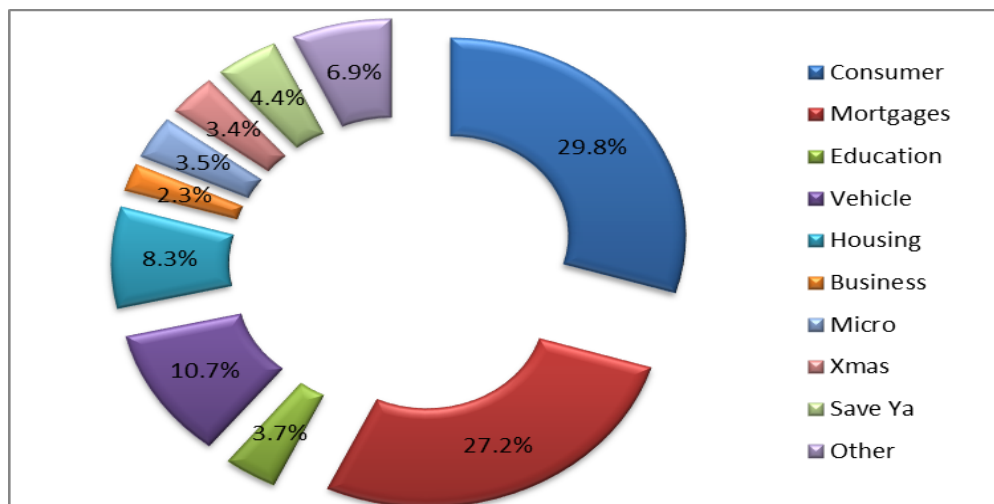
**11.3 LOAN ACTIVITY**

Loan activity improved during the year under review. Loan applications moved from three thousand one hundred and forty three (**3,143**) in 2012 to three thousand six hundred and forty four (**3,644**) in 2013, representative of 16.0% increase. Of the applications received in 2013, 93% or 3,372 were approved.

As it relates to value, loan applications amounting to \$29.9 million were received in 2013, a 41% percent increase compared to the \$21.2 million in 2012. Of this \$29.9 million, 63% or \$18.9 million was approved relative to \$15.3 million in 2012. This improved performance in loan activity was associated primarily with increased business from mortgage and consumer loans.

As the pie chart portrays, the majority of loans disbursed during the period under review were mortgages and consumer loans. Specifically, 27.2% of loans disbursed were mortgages and 29.8% consumer loans. Two other important loan categories were Vehicle and Housing, which accounted for 10.7% and 8.3%, respectively of total loans disbursed.

**Loan Disbursements**



**11.4 DELINQUENCY**

In reality 'delinquency' continues to be a major challenge for the Credit Committee and the Credit Union on a whole and as such, holds a cardinal place in the decision making of the institution. We, the members of the Credit Committee, are conscious that when members fail to meet their loan payments and thus become delinquent, it makes it quite difficult for other members, as the institution, intuitively, depends on the repayment of loans to offer new loans. Members are therefore advised to come in and talk to the credit union whenever they encounter financial difficulties. KCCU is always willing to review terms to help our members better cope during challenging financial times. Applying smart and hard work, our Recoveries Department has managed to reduce the level of delinquency to a remarkable 4.4% and so, we take this opportunity to extend congratulations to the department and the management of KCCU and we encourage them to continue the good work.

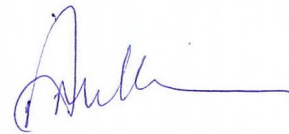
**11.5 CONCLUSION**

In conclusion, we thank almighty God for sparing our lives throughout the year, and may He continue to bless us in the upcoming years. We also thank the management and staff for their continued support; the entire Credit Department; the Board of Directors for their guidance; and the other credit committee members who spent tireless nights, foregoing other commitments to assist our members. Gratitude is extended also to the Supervisory Committee for keeping us on track, and you the general membership for your continued support and contribution to the credit union.

We look forward to another year of service to our members and assure you that you can expect the same high standard of service that you received in 2013.



**Bro. Alston Scott  
Chair Person**



**Sis. Angelita Miller  
Secretary**

**11. Supervisory Committee Report for the 52nd Annual General Meeting of the Kingstown Co-operative Credit Union Limited for the period January to December 2013 at the Peace Memorial Hall on 28th April, 2014**

The following persons were elected to the Supervisory Committee at the 51<sup>st</sup> Annual General Meeting of the Kingstown Co-operative Credit Union Ltd. (KCCU), which was held at the Peace Memorial Hall on the 29<sup>th</sup> May 2013. The committee met and Bro. Elsworth Abbott was elected as Chairman while Sis. Nicolette Dalton was elected as secretary.

<b>Names</b>	<b>Position</b>	<b>Attendance</b>
Bro. Elsworth Abbott	Chairman	31 (31)
Sis. Nicolette Dalton	Secretary	23 (31)
Bro. Christo Primus	Member	23 (31)
Bro. Gillon Frederick	Member	9 (9)
Bro. Rohan Providence	Member	28 (31)

During the reporting period, Bro. Gillon Frederick was appointed to the Board of Directors to fill a vacancy on the board. He was since replaced by Sis. Gale Thorpe on the Supervisory Committee.

Sis. Gale Thorpe	Member	12(12)
------------------	--------	--------

The function of the Supervisory Committee as stated is to carry out independent evaluation of the operations and activities of the Credit Union, to ensure that sound internal controls are implemented by management and that adequate practices and procedures are adhered to.

The Board is in the process of developing a number of policies for the Credit Union. A number of these policies should be in place by the end of this year.

Information Systems continues to be an area that we think necessitates reviews intermittently. However, due to time constraints, it has proven difficult to do an in-depth analysis of such by the Supervisory Committee. We previously recommended the recruitment of an internal auditor which will not only help in this area, but all areas within the Credit Union.

The committee reviewed a number of areas within the Credit Union and on a monthly basis, reported to the Board of Directors on the findings. The areas reviewed are listed in the table below.



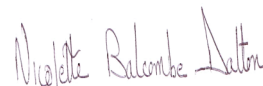
Areas	Objectives
Physical Assessment	<ul style="list-style-type: none"> <li>to ensure that proper security system was in place at the Credit Union office</li> </ul>
Backup procedures	<ul style="list-style-type: none"> <li>to ensure that proper contingency was in place in the event of data loss</li> </ul>
Cash count	<ul style="list-style-type: none"> <li>to ensure that cash within the institution was adequately managed and proper cash handling procedures were in place</li> </ul>
Loans	<ul style="list-style-type: none"> <li>to ensure that due diligence was being done in the disbursement of loans and policies and procedures were being adhered to. Loans in general and the different loan products were reviewed individually.</li> <li>The Credit facilities of staff, Board and Committee members were also reviewed</li> </ul>
Delinquency	<ul style="list-style-type: none"> <li>to ensure efforts were being maximized to keep delinquency at a minimum</li> </ul>
Salaries	<ul style="list-style-type: none"> <li>to ensure proper computation and accuracy in the disbursement of payments to staff</li> </ul>
Personnel files	<ul style="list-style-type: none"> <li>to ensure compliance and that all necessary documentation were in place</li> </ul>
Bank reconciliation statements	<ul style="list-style-type: none"> <li>to ensure that reconciliations were done in a timely manner and opportunities for fraud were reduced</li> </ul>
Pearls ratios	<ul style="list-style-type: none"> <li>to ensure that the Credit Union kept within benchmarking guidelines</li> </ul>
Insurance	<ul style="list-style-type: none"> <li>to ensure that the Assets of the Credit Union are adequately insured</li> </ul>
General days' work	<ul style="list-style-type: none"> <li>to ensure that day to day accounting activities were carried out within policy guidelines</li> </ul>
Source of funds forms	<ul style="list-style-type: none"> <li>to ensure compliance with anti- money laundering rules and guidelines</li> </ul>
Attend Credit Committee meeting	<ul style="list-style-type: none"> <li>to ensure proper procedures were followed in the granted and approving of loans at the Credit Committee level</li> </ul>

### 11.1 **CONCLUSION**

The Credit Union continues to strive and persevere in a competitive financial market and must be commended for its efforts, notably so with a reduction in the delinquency rate to less than 5%. With the exception of a few minor issues, the Supervisory Committee is pleased with the performance of the institution and will like to take this opportunity to thank and congratulate the management and staff of KCCU for a job well done.



Bro. Elsworth L. Abbott  
**Chairperson**



Sis. Nicolette Balcombe-Dalton  
**Secretary**

**11. Education Committee Report for the 52nd Annual General Meeting of the Kingstown Co-operative Credit Union Limited for the period January to December 2013 at the Peace Memorial Hall on 28th April, 2014**

**11.1 INTRODUCTION**

This report delineates the activities achieved by the KCCU's Education Committee for the year 2013.

**11.2 MEMBERSHIP**

The Board of Directors appointed the following members to serve on the Education Committee for the aforementioned period:

Bro. Dominic White	Chairman
Sis. Marcelle Burgin	Secretary
Sis. Lecia Quow	Member
Sis. Laura Smart	Member
Bro. Raymond Yorke	Member

**11.3 YEAR IN REVIEW**

The key focus for the period under review consisted of the KCCU Senior Care Day, KCCU Secondary School Scholarship Awards and the KCCU Annual Primary School Quiz.

**11.4 MEETINGS**

Committee meetings were held three (3) times per month – scheduled for first, second and last Mondays. However, considerations would have been made to hold additional meetings in order to discuss any important matters or plan certain activities.

**11.5 ORIENTATION SESSIONS**

There is a positive relationship between KCCU's growth and its membership's growth. In that, as new members are received into the organization, this facilitates an increase in deposits, and furthermore our core business of lending. Therefore, it is fundamental to conduct these sessions in order to heighten our members' knowledge about their Credit Union, including their privileges and roles as the owners of the organisation. However, it is critical that members become familiar with the range of products and services being offered by KCCU as a result of the Orientation session.

Orientation sessions were held in the Reuben John Development Centre at our Headquarters in which new members were enlightened by presentations from the Senior Management of KCCU. Presentations were geared towards providing information about KCCU's history and current position, products and services, medical plan and loans facilities. The General Manager engaged the members in an interactive and informative segment that focused on prudent financial management practices especially facing these current global economic challenges.

**11.6 SPONSORSHIPS AND DONATIONS**

As part of its Corporate Social Responsibility, the KCCU extended financial support to various activities, groups, schools, institutions, programmes and individuals in both monetary and non-monetary means. Our major recurring sponsorships are:

- St. Vincent Grammar School Relay
- KCCU Dance Festival (biannual event)

#### **11.7 KCCU SECONDARY SCHOOL SCHOLARSHIP**

KCCU provided four (4) scholarships and two (2) bursaries in order to financially assist students throughout their secondary school course. The 2013 awardees were as follows:

Academic Scholarships	-	Gian-Paul Baker and Wesonne George
Staff Scholarship	-	Azariah John
Socio-Economic Scholarships	-	Delaan Nedd and Maia Carol Ross
Bursaries	-	Deaney Gellizeau and Nicholi John

The Award Ceremony was held at the Methodist Church Hall on August 6, 2013 and Bro. Terral Mapp was the invited speaker.

We are pleased to convey that KCCU's investment into this scholarship programme is extremely valuable since all of our current scholarship holders are maintaining the acceptable average. However, the Education Committee has had meetings with a few students whose grades dwindled slightly in an effort to encourage them to improve their performances, and also to ensure that they honour the agreement established by the organisation.

#### **11.8 KCCU ANNUAL PRIMARY SCHOOL QUIZ COMPETITION**

The finals of the 2013 KCCU Annual Primary School Quiz Competition was held on November 30, 2013 at the Methodist Church Hall. A dozen schools participated in the preliminary competition that took place at the St. Vincent Grammar School on November 16, 2013 which saw the following six (6) schools emerging with the highest scores advance to the finals:

Barrouallie Government School  
Belair Government School  
Colonarie Government School  
Evesham Methodist School  
Fitz Hughes Government  
Kingstown Preparatory School

The competition comprised of three (3) sections specifically multiple choice, close-ended and buzzer rounds. The students' knowledge was taxed on questions drawn from five (5) categories: Credit Union Affairs, Sports, History, Current Affairs and General Knowledge.

The six (6) schools took the stage in an intense and exciting battle and it was clear that some students were overwhelmed on the big occasion. However, it was the students of the two-time defending champions, the Kingstown Preparatory School (Te Browne and Elrias Jr. Williams ) who displayed the most confidence and wit in order to make it a three-peat for their school. This marked the first time that any school had been able to accomplish such feat and it also meant that the KPS got to keep the Thomas Saunders Challenge Trophy. Second and third places were awarded [Colonarie Government School and Barrouallie Government School] respectively.

The Education Committee would like to extend its congratulations to the KPS on their accomplishment and all the other students of the participating schools for their efforts in the competition despite the added pressures that were placed on them due to introduction of the CPEA Programme.

**11.9 KCCU SENIOR CARE DAY**

The Education Committee in conjunction with the Board of Directors, Management and Staff hosted another successful day for senior members in October 2013, which was also held in recognition of the International Day of the Elderly. The event took place at the Rawacou Recreational Park and included a presentation on health and wellness, blood pressure and sugar tests, board games and arts and craft. Seniors were also given the opportunity to share testimonies to express how they benefited significantly from being members of the Credit Union.

**11.10 CONCLUSION**

The Education Committee would like to express its heartfelt gratitude to the Board of Directors for the opportunity to serve the Credit Union and its members for the year 2013. Many thanks also go out to the Management, Staff and other Committees for their continued support throughout the year. Special thanks to Sis. Alice Adams-Francois for her patience, dedication, willingness and time for ensuring the Committee's needs are always met.



Bro. Dominic White  
**Chairperson**



Sis. Marcelle Burgin  
**Secretary**

**12. Grenadines overview of the Kingstown Co-operative Credit Union Limited for the period January to December 2013 at the Peace Memorial Hall on 28th April, 2014**

Our Branches on the Grenadine Islands of Bequia, Canouan and Union Island continue to provide excellent point of presence for the Credit Union. Management has taken the decision to re-locate its Union Island premises so that it can be more visible therefore improving its image on the Island and also by deploying a senior staff to serve members for at least two days each week until regular service is restored which is anticipated to be from April 01, 2014.

There was growth in the Grenadines Operations. Note that the 2012 figures were restated for comparative purposes. In 2013 over 2012, membership grew in Bequia and Canouan by 15.5% and 23.5% respectively while Union Island had a marginal growth of 1.5%; in share savings, there was a decrease in Bequia of 3% and an increase in both Union Island and Canouan record a 1% and 23.5% respectively. In Loans, both Bequia and Canouan show increases of 25% and 23% respectively while Union Island show less than a percentage point reduction.

We are in the process of linking the new network in Union Island and Canouan Offices to the main Office and anticipate that these Offices will be on line by the end of April 2014. The intention is to have the Offices linked in real time to the main Kingstown Office thus facilitating all the IT functionalities that are available for serving members



Serving our members from our new office location in Conrad's Mall, Clifton, Union Island

YEAR	MEMBERSHIP			SHARE BALANCES (\$)			LOANS (\$)		
	BEQUIA	CANOUAN	UNION ISLAND	BEQUIA	CANOUAN	UNION ISLAND	BEQUIA	CANOUAN	UNION ISLAND
2012	206	68	200	563,471	158,880	576,432	620,504	67,847	915,314
2013	238	84	203	547,107	196,326	582,360	777,503	83,326	907,269



## ENCOURAGING YOUTH CO-OPERATIVES



## SCHOLARSHIP AWARDS CEREMONY



Scholarship Awardees



Staff Scholarship Awardee (Azariah John)



All Successful applicants



Bursary Awardees



## **MEMBERSHIP DRIVE**



## **KCYC SUMMER CAMP**





## **SENIOR CARE DAY**



## **MEMBERSHIP APPRECIATION DAY**



# Notes



**KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED**

P.O. Box 1533, Granby Street, Kingstown, St. Vincent

Tel: (784) 457-2409 Fax: (784) 456-2976

**CANOUAN:** (784) 482-0372

**UNION ISLAND:** (784) 485-8568

Email: [kccu@vincysurf.com](mailto:kccu@vincysurf.com)



[www.facebook.com/kccu](http://www.facebook.com/kccu)

**BUSINESS HOURS:**

Mon-Fri: 8:00 am - 4:00 pm

Saturday: 9:00 am - 12:00 noon





# KCCU

Kingstown Co-operative Credit Union

# CLICK ON

[www.kingstowncreditunion.com](http://www.kingstowncreditunion.com)

